















THE WORKERS' COMPENSATION BOARD OF ONTARIO

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*Annual*  
**REPORT**  
1990



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Workers' Compensation Board  
Communications Branch  
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Toronto, Ontario  
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ISSN 0822-2150

TOGETHER WE'RE GOING TO WORK.



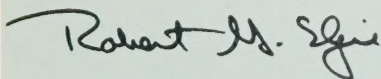


The Workers' Compensation Board (WCB) is a statutory corporation created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario. The Board raises funds from the province's employers in order to provide compensation to workers who are injured on the job or who contract an occupational disease.

Compensation includes payment for loss of wages that may result from the injury or disease, economic loss and/or non-economic loss awards for permanent disability, payment of health care expenses, a wide range of vocational and medical rehabilitation services, retraining programs, and survivors' benefits in the case of a fatality. The Board also sponsors a range of accident prevention activities.

Colonel The Honourable Lincoln M. Alexander, P.C., K. St. J., Q.C., B.A., LL.D.,  
Lieutenant Governor of Ontario


The Workers' Compensation Board is pleased to submit its annual report of operations for 1990.



Robert G. Elgie, Q.C., M.D., F.R.C.S.(C), Chairman







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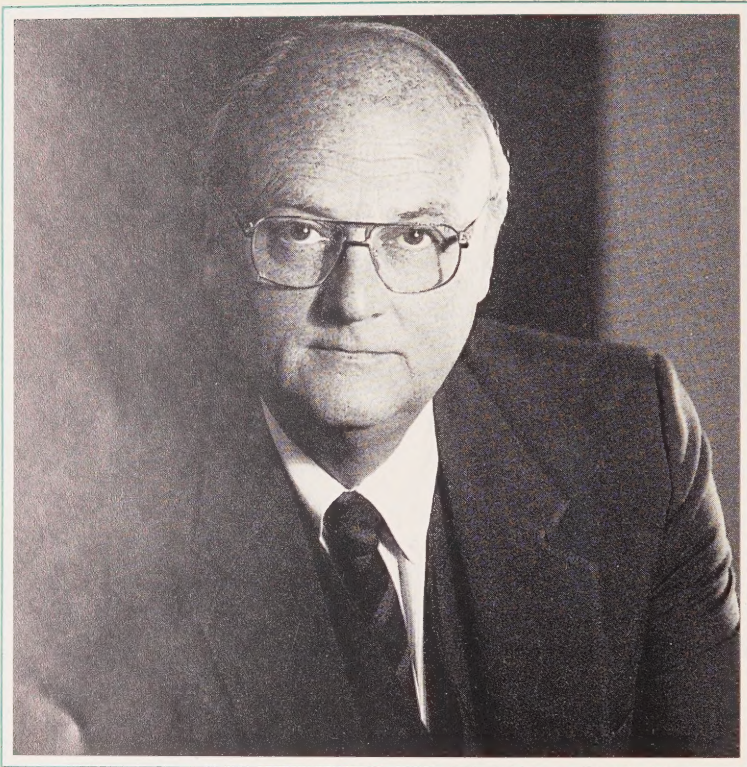


# Chairman's Message

Nineteen-ninety marked my last complete year as Chairman of Ontario's Workers' Compensation Board. At the end of April 1991, I will be leaving the Board to take up new challenges and responsibilities in the area of Health Law at Dalhousie University in Nova Scotia.

In this regard, it is fitting that 1990 was an eventful year of challenge and accomplishment for the Workers' Compensation Board, a year which saw the culmination of many diverse corporate and personal goals.

Among these, the full proclamation of Bill 162, *An Act to amend the Workers' Compensation Act*, in January of 1990 stands out as the indisputable highlight.



Robert G. Elgie

This legislation represents the most profound change to Ontario's workers' compensation system since it was first introduced in 1914. As well, the reform measures reflected the key principles espoused by Professor Paul Weiler in a series of reports commissioned by myself as Ontario's Labour Minister in the early 1980s. The new dual-award system for permanent disabilities, clearly defined vocational rehabilitation obligations for the Board and reinstatement rights for injured workers comprise three major reforms which I have supported during the course of my career, and which form the core for much of Professor Weiler's work. Collectively, these measures, and others incorporated into the revised *Act*, lay the groundwork for a fairer and more progressive workers' compensation system for the 1990s.

It is noteworthy that the changes represented by Bill 162 form, as it were, a bookend to Bill 101, 1985 legislation that addressed many of the fundamental process and structure recommendations brought forward by Professor Weiler.

I was honoured, during those early days of my career at the Board, to have been part of the Bill 101 reform process which "opened up" the compensation system with the introduction of an external board of directors, and the creation of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, and the independent Industrial Disease Standards Panel. Again, these changes have been critical to the shaping of the workers' compensation system as we know it today, and are basic to a strong platform for the 1990s.

In addition to the major workload increases imposed by the implementation of Bill 162, 1990 also saw the continuation of the Board's vigorous efforts to improve the quality and range of its services through new policies and strategic directions, and through further corporate realignment.

For example, the WCB took several key steps closer in the implementation of a significantly revamped classification and assessment process, now scheduled for phase-in starting in 1993. As well, a more streamlined and efficient claims adjudication process was introduced and the Medical Rehabilitation Strategy became further ingrained into the Board's business regimen with the opening of 58 new community clinics, for a total of 97 by the end of 1990, and four regional evaluation centres, for a total of 15 by year-end.

New technology enhancements included fine tuning to the Workers' Benefit System, relocation of the Board's data centre to an independent, secure site, the introduction of image processing technology to create a "paperless office" and an interactive voice response system, which provides basic computerized claims information to clients with touch-tone telephones. These initiatives and strategies were supported by a corporate realignment announced in February 1990, which saw an increase in the number of operating divisions at the Board from four to seven and some key shifts of responsibilities among divisions.

It is clear that this wide range of activity has had some short-term negative impacts on service levels during 1990. It is likewise evident, however, that while some temporary disruption to service may have occurred, the longer-term benefits flowing from these far-reaching and critically needed changes are now being realized through improved service and productivity numbers.

A key player in the process that brought about these necessary changes at the Board over the past several years has been its Vice-Chairman, Alan Wolfson, who ended his five-year term in December. Mr. Wolfson was instrumental in spearheading and implementing many of the policy and organizational initiatives that have reshaped and positioned the Board to better serve its clients in the years ahead. I would like to express, on behalf of the board of directors, the staff and myself, our appreciation for his vision and his commitment to this organization.

I would also like to personally thank and pay tribute to the members of our board of directors: Mr. Joseph Duffy, Mr. David Mackenzie, Ms. Almerinda Rebelo and Mr. James Goodison, who are all representatives of workers; Mr. Stephen Hessian, Mr. Fred Telmer, Mr. Paul Richards and Mr. Michael Warren, who are all representatives of employers; and Dr. Maria Zorzitto, who is a representative of professional persons and the public. The collective wisdom, enthusiasm and commitment of this group provided clear and responsible direction to the Board during 1990, in its continued support of a responsive and fair compensation system for Ontario.

Two members of the board, Dr. Maria Zorzitto and Mr. David Mackenzie, completed their terms at the end of this year. On behalf of the Board, I would like to thank them for their splendid efforts and for a job well done.

One of the highlights of the past year was the landmark and unanimous decision that was reached by the board of directors following a section 86(n) hearing. In that decision, the board of directors set out its views with respect to chronic pain disability, retroactivity of benefits and, for the first time, outlined



what it saw as the appropriate roles for the Appeals Tribunal and the board of directors. I have summarized this last part of the decision and feel it is important to record that summary for the benefit of readers:

*"After reviewing the relationship between the Workers' Compensation Board and the Workers' Compensation Appeals Tribunal, it was confirmed that adjudication of an appeal by the Workers' Compensation Appeals Tribunal and the administration of the Act and governance of the Board by the board of directors are essentially complementary activities. They only come into conflict where, in the course of fulfilling its statutory duty, the Appeals Tribunal renders a decision that in some way interferes with or is contrary to the manner in which the board of directors has determined that the Act ought to be administered. In those situations, the board of directors is given a review power under s. 86(n) which only it can institute. It has previously determined that any such decision must involve an issue that is significant and it must be satisfied that a useful and important purpose would be served by conducting such a review.*

*It therefore goes without saying that not all disparities between a tribunal decision and a policy or policies of the WCB will be reviewed, nor should they be. However, when one is reviewed, the board of directors is not bound by any standard of review. Its role is to re-evaluate seriously its policies in light of the tribunal decision so that following the review, only one policy will exist for the continuing administration of the Act.*

*Under the scheme of the Act, the policies of the board of directors cannot be absolutely binding on the tribunal, nor should they be. What they do represent are the decisions of the board of directors as to how, in its judgement, the Act should be administered and the Board governed.*

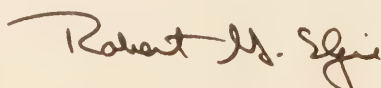
*The board of directors concluded that, given their respective roles and responsibilities,*

*a 'policy' which has been developed in accordance with principles of administrative fairness and which does not give the Act a patently unreasonable construction, ought to be accepted and followed by the tribunal unless there are 'substantial reasons' for not doing so."*

It is apparent to me that the many things that have been accomplished at the Board would not have been possible during my tenure without the expertise, commitment, loyalty and effort of staff throughout the organization. What we have achieved together is, I believe, something to be remembered with a degree of pride. I can state without reservation that, for me, the memories will be dear ones, and I shall carry with me kind thoughts and memories about the talented, knowledgeable and dedicated people who work so hard to deliver competent and caring service to the Board's many clients. I know that the rate and extent of change at the Board has been disruptive, and for this I thank you doubly for your support and for your unflagging willingness to perform the best job possible.

To all staff at the Board, I express my sincere gratitude and appreciation. My years at the WCB have brought me many valued relationships with colleagues of the highest personal and professional calibre. I am grateful to you all and wish you well in your continued efforts to ensure that employers, workers and other key stakeholders are served by a compensation system that is committed to excellence.

On behalf of the board of directors,



Robert G. Elgie, Q.C., M.D., F.R.C.S.(C),  
Chairman of the Board



# Board of Directors



*With the implementation of Bill 101 in 1985, the Workers' Compensation Corporate Board was eliminated and replaced by a part-time external board of directors, with a full-time Chairman and Vice-Chairman. In keeping with section 56 of the Workers' Compensation Act, this board is representative of employers, workers, professional persons and the public. The board of directors oversees the development and delivery of workers' compensation policies and programs.*

Seated (l. to r.): Stephen Hessian, Maria Zorzitto, Robert Elgie, Alan Wolfson, David Mackenzie. Standing (l. to r.): Michael Warren, Ronald Ellis, Joseph Duffy, Paul Richards, Fred Telmer, James Goodison, Almerinda Rebelo.

**Robert G. Elgie, Q.C., M.D., F.R.C.S.(C)**

*Chairman of the Board*

**Alan D. Wolfson, Ph.D.**

*Vice-Chairman and President,  
Workers' Compensation Board*

**Joseph Duffy**

*Business Manager and Secretary-Treasurer,  
Provincial Building and Construction Trades  
Council of Ontario*

**S. Ronald Ellis, Q.C.**

*Chairman,  
Workers' Compensation Appeals Tribunal*

■ **James V. Goodison**

*Grand Lodge Representative,  
International Association of Machinists  
and Aerospace Workers*

■ **Stephen S. Hessian**

*Resident Manager,  
Domtar Inc.*

**David R. Mackenzie**

*Assistant to the National Director,  
United Steelworkers of America*

■ **Almerinda M. Rebelo, C.S.W.**

*Executive Director,  
Parkdale Community Health Centre*

**Paul Richards**

*President,  
Johns Scientific Inc.*

**Fred Telmer**

*Chairman and  
Chief Executive Officer,  
Stelco Inc.*

**Michael G. Warren**

*Vice-President,  
Johnson & Higgins Willis Faber Ltd.*

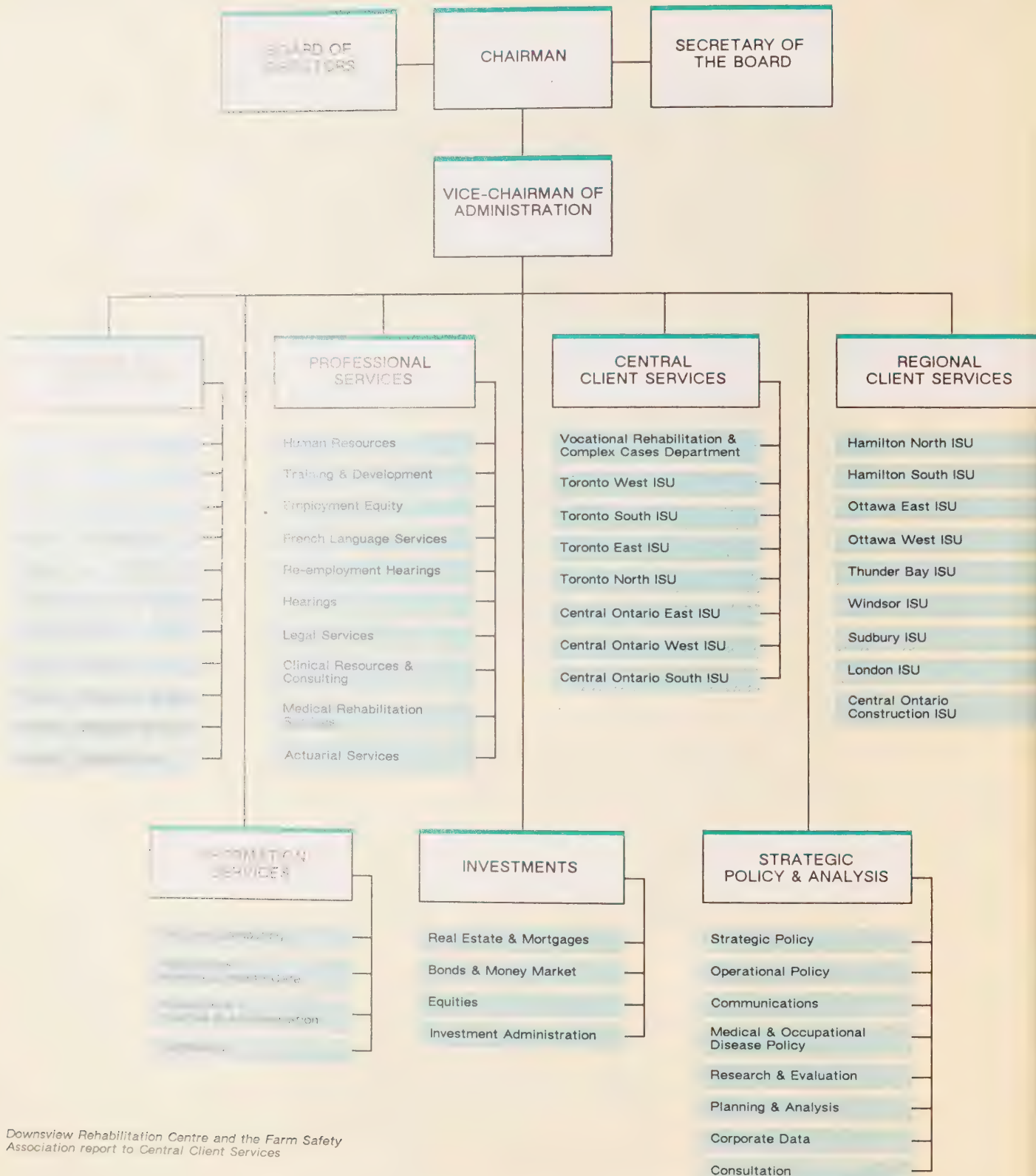
**Maria L. Zorzitto, M.D., F.R.C.P.(C)**

*West Park Hospital*

■ **Audit Committee Member**



# Organizational Structure



# *Executive Committee*



(From l. to r.): Cindy Morton, Senior Vice-President, Strategic Policy and Analysis; Alan Wolfson, Vice-Chairman and President; Sam Van Cleef, Senior Vice-President, Professional Services; Robert Elgie, Chairman; Linda Angove, Secretary of the Board; Mike Czetyrbok, Senior Vice-President, Regional Client Services; Elizabeth Kaegi, Senior Vice-President, Central Client Services; (kneeling) Robert Coke, Senior Vice-President, Finance and Administration.

*The mandate of the Executive Committee is to assist the Vice-Chairman and President in the management of the Workers' Compensation Board's day-to-day affairs. The Executive Committee also ensures that the overall operational and strategic direction of the Workers' Compensation Board is compatible with corporate policies, as set by the board of directors.*



# Year in Review

## Perspective

1990 definitively culminated a decade of significant change to the Ontario Workers' Compensation Board and to the workers' compensation system generally. By the close of 1990, the Board could look back at a period of major and sweeping transformation, not only through legislation, but in the way the Board is organized administratively, and in the way the WCB does business with its many stakeholders throughout the province.

A new decade began, then Ontario's Labour Minister, Mr. Robert Elgie, commissioned an inquiry by Professor Paul Weiler in which he was to review the existing workers' compensation system and to propose appropriate recommendations for reform. The resulting report, predictively titled *Reinventing Workers' Compensation for Ontario*, set the platform and tone for the 10 years of change that were to follow. The report formed the basis of Bill 101, 1985 legislation that addressed key process and structure issues which profoundly affected the WCB and the delivery of its programs.

Professor Weiler tabled two more reports in 1983 and 1986 and this latter report, coupled with his earlier submission, provided much of

the framework and direction for Bill 162, *An Act to amend the Workers' Compensation Act*, which was passed in 1989 and fully proclaimed in January 1990. These legislative reforms, which formed the basis for much Board activity and many program initiatives during 1990, represent the most significant changes to Ontario's workers' compensation law since the *Act* was first passed in 1914.

In addition to the implementation of the many program and service requirements contained in Bill 162, the Board continued its aggressive agenda of policy and administrative change with a view to ensuring a WCB that would be characterized by effective program delivery, sound client services, an open and consultative policy formulation process, financial accountability and responsible administration.

Most notable among these many initiatives were steps taken toward the implementation of a new Revenue Strategy, further enhancements to the Board's Medical and Vocational Rehabilitation Strategies, an improved claims adjudication process, the addition of further new technology such as image processing, and a corporate realignment highlighted by the extension of the Integrated Service Unit concept to regional offices.

1st Weiler Report	2nd Weiler Report	Bill 101	3rd Weiler Report	Bill 162 Proclaimed
	<i>Protecting the Worker from Disability: Challenges for the Eighties</i>	<ul style="list-style-type: none"> <li>WCAT formed</li> <li>external board of directors</li> <li>Offices of Worker/Employer Adviser</li> <li>Industrial Disease Standards Panel</li> <li>increased compensation levels</li> </ul>	<i>Permanent Partial Disability: Alternative Models for Compensation</i>	<ul style="list-style-type: none"> <li>dual-award system for permanent disabilities</li> <li>re-employment provisions</li> <li>improved vocational rehabilitation</li> <li>continuation of benefits</li> </ul>
1981	1983	1985	1986	1990

A number of events over the past decade, coupled with a range of policy and administrative changes, transformed Ontario's compensation system and posed significant challenges for the Board.



Phyllis Billings, an injured worker, is greeted by a Board doctor in the reception area for the Hamilton Integrated Service Units.

The Board's Medical Rehabilitation Strategy was further strengthened during 1990 with the addition of 58 new community clinics and four regional evaluation centres to the system operating throughout the province, with the result that, by year-end, there were a total of 97 community clinics and 15 regional evaluation centres. In keeping with the WCB's new approach to medical rehabilitation, injured workers are now receiving improved rehabilitation health care soon after injury and closer to their homes.

The Board also continued the very important process of consultation with employers during the year to assist in the development of a revised classification system that groups

employers more closely on the basis of similarity of business activity and comparability of risk.

A second consultation document, *Revenue Strategy: The New Classification and Pricing System*, was prepared and sent to more than 2,000 major stakeholders for comment – the further development of a consultative process that began in 1989.

The reorganization of the Board's six regional offices into eight Integrated Service Units reflects the Board's new integrated approach to case management – first introduced at its Toronto head office in 1987 and 1988. This coincided with the implementation, in the



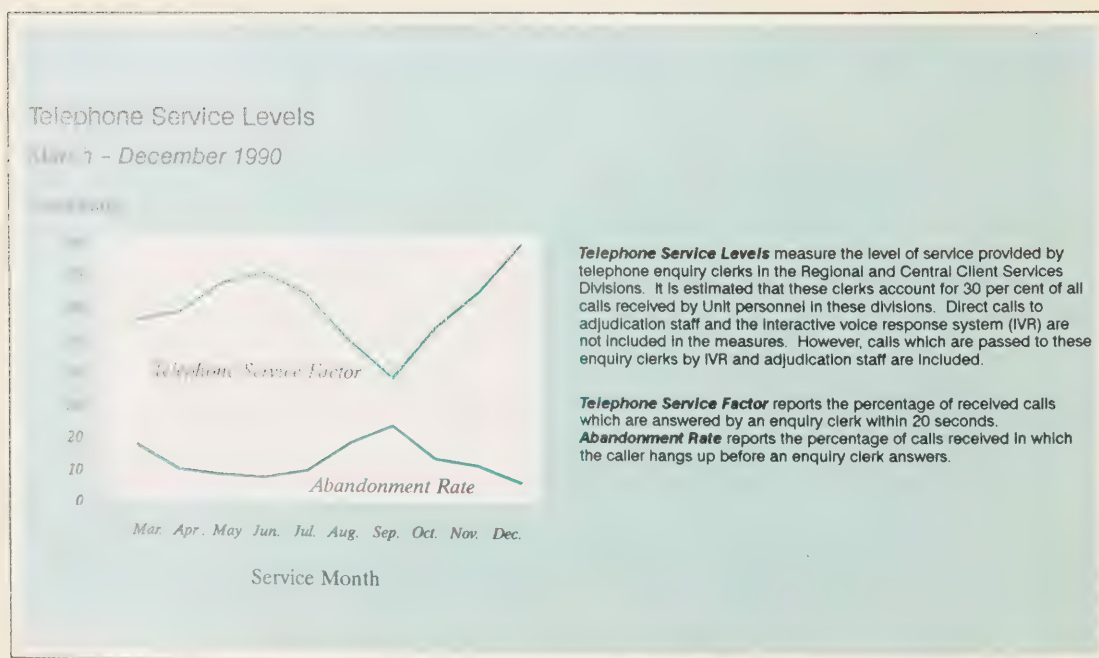
summer, of a revamped claims adjudication process, first piloted during 1989. The changes to claims adjudication included the addition of adjudicator assistants to provide information-gathering and client contact support to each adjudicator.

During 1990, the Board continued its efforts to improve service through technology with the introduction of image processing which, at time of installation, was the second largest system of its kind in the world. Imaging replaces the paper claim file with an electronic copy that can be viewed from several hundred image processing workstations in Board offices across the province.

This process allows immediate and simultaneous access, by appropriate personnel, to Board claim files. The technology makes paper claim files, and their storage and transfer, unnecessary and, in time, will create an essentially paperless adjudication process.

As one reviews 1990 and considers the vast scope of change experienced by the Board and its employees over the past decade, it is not surprising to see evidence of some disruption to service levels and Board performance. The WCB acknowledges that the numerous strategies, new policies and administrative changes, all coupled with the implementation of major legislative reforms, did result in client servicing problems.

It is clear, however, that dramatic changes of the type experienced by Ontario's workers' compensation system during the 1980s, and in 1990, must be seen as an important and much needed investment in the future of a soundly administered, fair and viable compensation process for all stakeholders. In this regard and, as indicated by recent evidence of sharply improved Board performance and service delivery figures in the latter quarter of 1990, the WCB believes that the short-term period of service disruption is now behind it, and that a sound platform is in place for the delivery of significantly enhanced service over the coming decade.

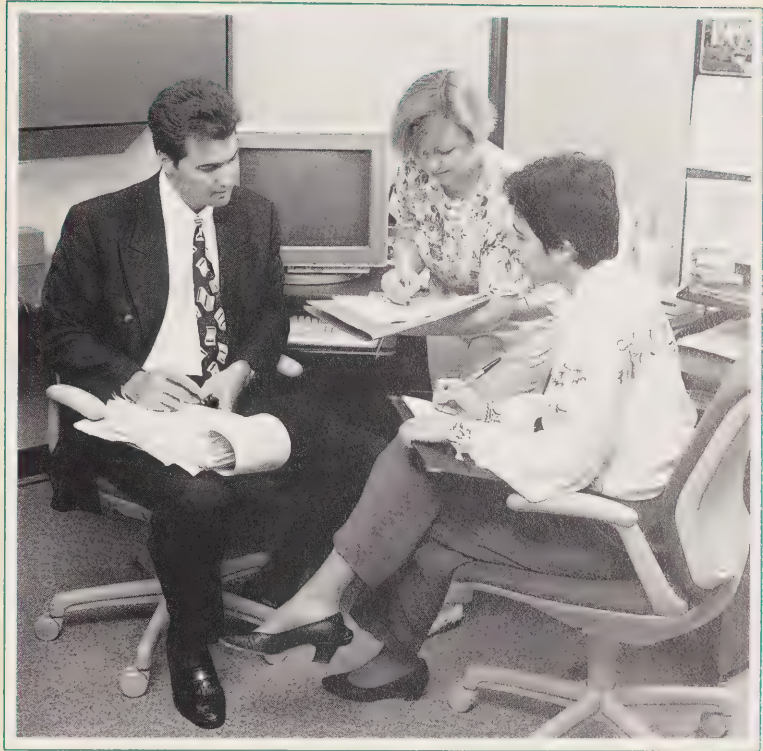


## Bill 162

Bill 162, *An Act to amend the Workers' Compensation Act*, was proclaimed on January 2, 1990 and, in conjunction with Bill 101, brought about the most far-reaching reform to the *Act* since it came into effect in 1914. The provisions of this new legislation include a dual-award system, through which injured workers with a permanent disability may be compensated for one or both of economic loss, or loss of future earnings, and for non-economic loss, or loss of enjoyment of non-work-related aspects of life.

Other provisions include an obligation on the part of employers to maintain contributions to pensions and other employment benefits for injured workers for up to one year post-injury. In addition, any worker who receives compensation for future loss of earnings will be entitled to a retirement benefit from the Board when he or she reaches age 65.

The Board's Vocational Rehabilitation Strategy, created in 1988, was strengthened as a result of a Bill 162 provision that places an obligation on the Board to contact injured workers who have not returned to work within 45 days of notice of an accident being filed. In this regard, the Board has enhanced its computer system to include the capacity to monitor its compliance with the 45-day rule, and to alert staff to the need to contact workers within the required timeframe.



Discussion among Board adjudicators, adjudicator assistants and technical advisers is often critical to the fair and speedy adjudication of claims. Here, discussion takes place in the Board's Complex Case Unit (Injuries).

Another feature of the legislation is a provision that a worker who has not returned to pre-injury or alternative employment at comparable earnings within six months after notice of accident is filed must be offered a vocational rehabilitation assessment. If the Board determines a vocational rehabilitation program to be appropriate, it is developed in consultation with the worker and, where possible, with the employer and the worker's physician. The program may include vocational training, general skills upgrading, refresher courses, employment counselling (including training in job-search skills and identification of employment opportunities), participation in an on-the-job training program, help in looking for employment, and assistance for an employer in adapting the work or workplace to accommodate the needs of the worker.





Ontario Hydro worker, Steve Zaporozan (centre), is back to a new job with his employer after an injury; with him are his Board caseworker (right) and a Hydro safety representative.

Reinstatement is another important component of the new legislation. Most employers in Ontario who regularly employ 20 or more workers are required to re-employ an injured worker who has had at least one year of continuous service before the accident, once the worker is able to perform the essential duties of the job he or she held before the injury.

If the worker is unable to perform the essential duties of the pre-injury job, but can perform other suitable work, the employer must give the worker the first opportunity to accept such work that may become available. Employers are required to modify the work or the workplace to accommodate the needs of the injured worker in order to facilitate a worker's re-employment, as long as it does not cause undue hardship to the employer.

Special reinstatement requirements for employers primarily involved in construction were considered during 1990 by a bipartite committee, with the aim of devising suitable guidelines for new regulations. At year-end, the Board was waiting for the delivery of this committee's recommendations for its consideration.

During the latter part of 1989, the WCB established a Reinstatement Branch to mediate and adjudicate the reinstatement provisions of the new Bill. The branch commonly works to develop satisfactory settlements through mediation. Failing this, a more formal hearing is held involving the employer, the worker, witnesses and Board officials, who must

jointly determine whether undue hardship prevents the employer from reinstating the worker or maintaining benefits. During the year, 157 applications for reinstatement were received by the Board, all but 36 of which had been resolved by year-end.

Due to the newness of these reinstatement and employment benefit requirements, the Reinstatement Branch was extremely active during the year in promoting public awareness and understanding. This was done through speaking engagements and by conducting province-wide seminars with worker and employer groups. Throughout the year, as workers and employers became aware of the branch's existence, there was a steady increase in the number of applications for reinstatement.

## Organizational Realignment

In 1990, the Board undertook a number of organizational changes with a view to enhancing the consistency and efficiency of claims decision-making and to better facilitate rehabilitation and re-employment of injured workers.

Three important elements of this reorganization included an increase in the number of operating divisions of the Board to seven – Professional Services, Finance and Administration, Information Services, Investments, Strategic Policy and Analysis, Central Client Services, and Regional Client Services; the conversion of regional offices to Integrated Service Units (ISUs); and the introduction of a new claims adjudication process. The introduction of these new measures was completed by the fall of 1990.

The conversion of the Board's six regional offices to the ISU structure occurred in conjunction with the introduction of new claims adjudication procedures Board-wide.

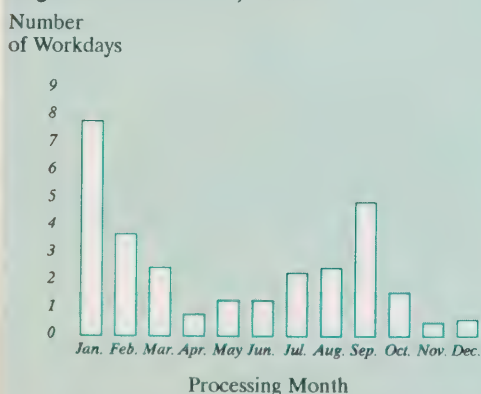
The four goals of the new claims adjudication process are: speedy and fair entitlement decisions; prompt and appropriate compensation; early restoration of earnings and early return to full activity for injured workers; and timely exchange of information with clients.

Under the new system, adjudicators are to be helped by adjudicator assistants, whose work includes information-gathering, client contact, clerical work and simple adjudication functions. With the introduction and training of the assistants in 1990, it is expected that adjudicators will soon have more time to spend on the more significant and critical decision-making aspects of claims adjudication.

Other aspects of the new claims adjudication process include improved advisory services, better access to technical specialists and, finally, superior information systems.

### Claims Registration Process

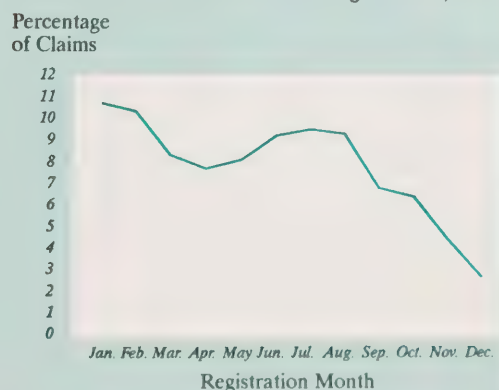
*Number of Workdays Required to Process Registration Workload, 1990*



Claims Registration Process refers to an average number of working days required to process the average daily registration workload, based on an estimation of 2,000 claims being registered in one day.

### Entitlement Process

*Percentage of Lost-Time Claims Pending an Entitlement at 12 Weeks after Registration, 1990*



Claims Pending Entitlement at 12 Weeks measures the percentage of lost-time claims pending an initial entitlement decision at 12 weeks after the date of registration.





A growing number of community clinics, such as the Early Treatment Centre for Industrial Injuries in Hamilton, are making it easier for injured workers to get improved treatment closer to their homes.

### Medical and Vocational Rehabilitation Services

The Board's Medical Rehabilitation Strategy (MRS), first introduced in 1988, aims to help injured workers recover more quickly from work-related soft tissue injuries and return to full activity through exercise and therapy programs which start as soon as possible following the accident. The program is based on an interrelated, three-tier system of service delivery, of which community clinics and regional evaluation centres make up the first two tiers. An important feature of the Board's strategy is that treatment is offered in or close to the worker's own community, thereby saving time and disruption to the worker's life.

During 1990, the Board approved another 58 community clinics across the province, bringing the total to 97. Additionally, another four regional evaluation centres were opened, for a total of 15. These Board-approved facilities all operate independently of the WCB. Some 20,000 injured workers were treated or seen at this network of facilities throughout the year.

The third tier in the Board's strategy is the Ontario Workers' Compensation Institute, an organization that was established and is funded by the Board – and is the first of its kind in North America. The aim of the Institute is to conduct research related to

rehabilitation, and to ensure high service standards in the community clinics and regional evaluation centres.

During the year, the Institute initiated a research model which will consider factors in the workplace which enhance or inhibit the return to work of the injured worker, as well as evaluate the Board's Medical Rehabilitation Strategy to determine its effectiveness in returning injured workers to full activity.

#### MRS Receptions

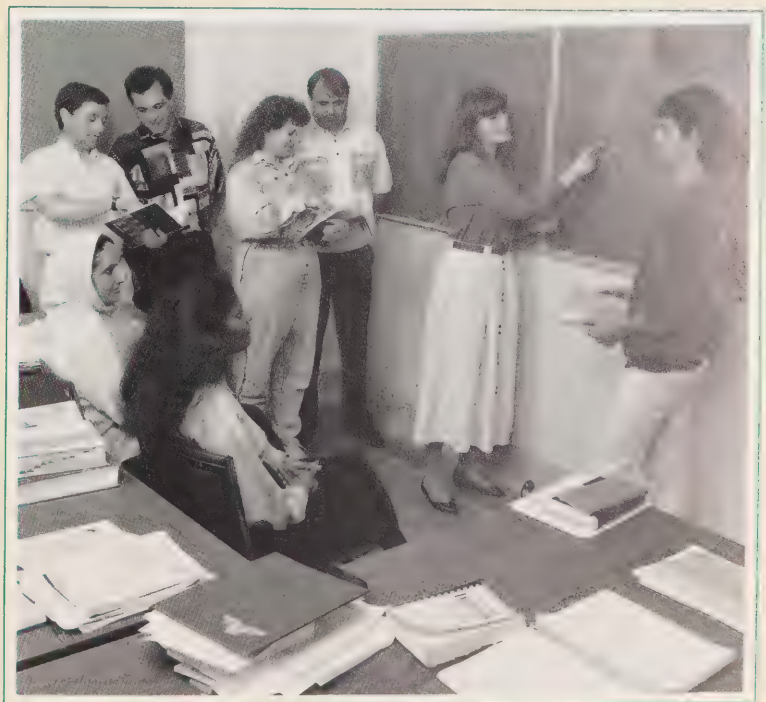
During 1990, the Board hosted regional receptions in Ottawa, Windsor, Oshawa and Mississauga. The events were staged to provide information about the Board's Medical Rehabilitation Strategy and to introduce local community clinics and regional evaluation centres to key rehabilitation stakeholders, including doctors and other members of the health care community, area employers, labour groups and local MPPs.

The receptions, hosted by the Chairman of the Board, included a tour of a community clinic and a regional evaluation centre, and promoted increased awareness about the Board's new rehabilitation services. The visibility and availability of community clinics and

regional evaluation centres was greatly enhanced and the referral of injured workers to the new facilities by physicians encouraged. In total, some 700 guests learned more about the Board's approach to medical rehabilitation through these receptions, and their success has prompted the WCB to plan four more for the spring of 1991.

#### Vocational Rehabilitation

Complementary to the Medical Rehabilitation Strategy is the Board's Vocational Rehabilitation Strategy. The implementation of this key strategy commenced in January 1990, and its primary goal and objective is to lessen the impact of work-related injury or disease by helping the injured worker re-establish, as much as possible, his or her pre-accident earnings profile.



As part of their vocational rehabilitation, injured workers participate in Board-sponsored *English as a Second Language* classes.



In order to bring about service improvements in both the medical and vocational rehabilitation programs, virtually all of their activities were reviewed and underwent significant change, including resourcing, work methods, technology, training and policy.

In 1990, an ambitious hiring initiative was undertaken to recruit and train approximately 100 additional vocational rehabilitation caseworkers. As well, a greater availability of vocational rehabilitation services was provided at Board offices throughout the province.

Workers, employers, treating physicians and Board caseworkers actively participated in the development of vocational rehabilitation plans for injured workers in 1990. These plans contained specific and agreed-upon goals and timeframes for completion.

Where appropriate, the injured worker is provided with such services as vocational assessment, design and implementation of a vocational rehabilitation plan, and employment counselling, all aimed at getting the worker back to work as soon as possible and back to his or her pre-injury earnings profile.

## Revenue Strategy

A new Revenue Strategy was approved in principle by the board of directors in November 1989. This decision followed consideration of a report based on stakeholder response to a major consultation document, *Revenue Strategy: A Framework for the 1990s and Beyond*, issued by the Board for comment during the summer of 1989. The goal of the Revenue Strategy is to create a more modern, responsive and equitable employer classification and assessment system, while maintaining revenue neutrality.

During 1990, the Board continued its vigorous activity in defining the design of the new

revenue system through continued consultation and consideration of policy proposals.

In January 1990, some 204,000 Ontario employers were asked to complete a census/survey and to return it to the Board by April. The aim of the survey was to gather information required to develop a new classification structure. Responses received permitted allocation of firms to the appropriate rate group(s) based on the business activity information supplied.

The responses to the 1990 census/survey led to the creation of a proposed classification scheme outlined in *Revenue Strategy: The New Classification and Pricing System*. This document set forth a number of associated policy proposals aimed at reforming a revenue system that had not been significantly altered since 1914. This new strategy document was sent, in September 1990, to more than 2,000 major Board stakeholders, for comment by December 14.

In addition, two Advisory Groups were set up specifically to consider the strategy, one representing workers, the other employers. Since the spring of 1990, these two groups have supplied the Board with valuable advice and guidance in the design and development of policy decisions which will guide the new strategy.

The main objective of the Revenue Strategy is to develop a classification system that groups employers more closely on the basis of similarity of business activity and comparability of risk. Consequently, some assessment rates may rise, while others may fall under the new system; however, the total revenue collected will remain the same. The Board's aim is not to generate more revenue but to create a fairer redistribution of the overall assessment burden among some 204,000 Schedule 1 employers in Ontario, who were responsible for about \$2.4 billion in Board revenue in 1990.

To ease the impact of the proposed new rate structure on employer assessments, the Board has proposed that a three-year transition period to the new classification and pricing system begin on January 1, 1993. Any necessary rate increases or decreases arising out of the reclassification exercise will be spread gradually over this period.

During July 1991, employers will be notified of their potential assessment rates under the proposed new classification scheme.

In the meantime, rates for 1992 will be established based on the current structure of 109 rate groups. Preliminary rates for 1992 will be set in June 1991, following which employer rate group meetings will be held during the summer and fall.

#### Revenue Department Reorganization

In the fall of the year, the Board created a new Revenue Department, comprising three branches: Classifications; Collections and Audit; and Employer Services. The new

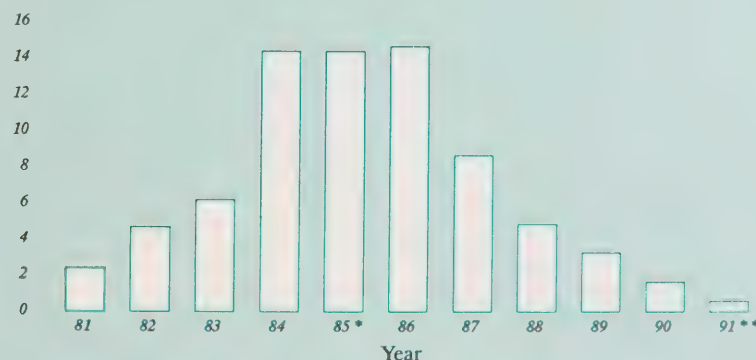
department is designed to improve service to employers on revenue-related issues and to pave the way for the introduction of the Revenue Strategy.

To this end, there was a staffing increase and an upgrading of administrative procedures with a view to improved decision-making. Another client benefit included centralizing all revenue services in one area of the Board's head office. Part of the reorganization involved the establishment of a Collections Unit in the Hamilton Regional Office.

The department's newly added activities include: experience rating, administration of section 91(7), Workwell, accident costs, the charging of claims, and the addition of several new revenue positions in the regional offices. Revenue staff in the regions now report directly to the Board's head office, which has led to a greater consistency in service to employers across the province.

Per Cent Change in the Average Rate of Assessment – Schedule 1, 1981–1991

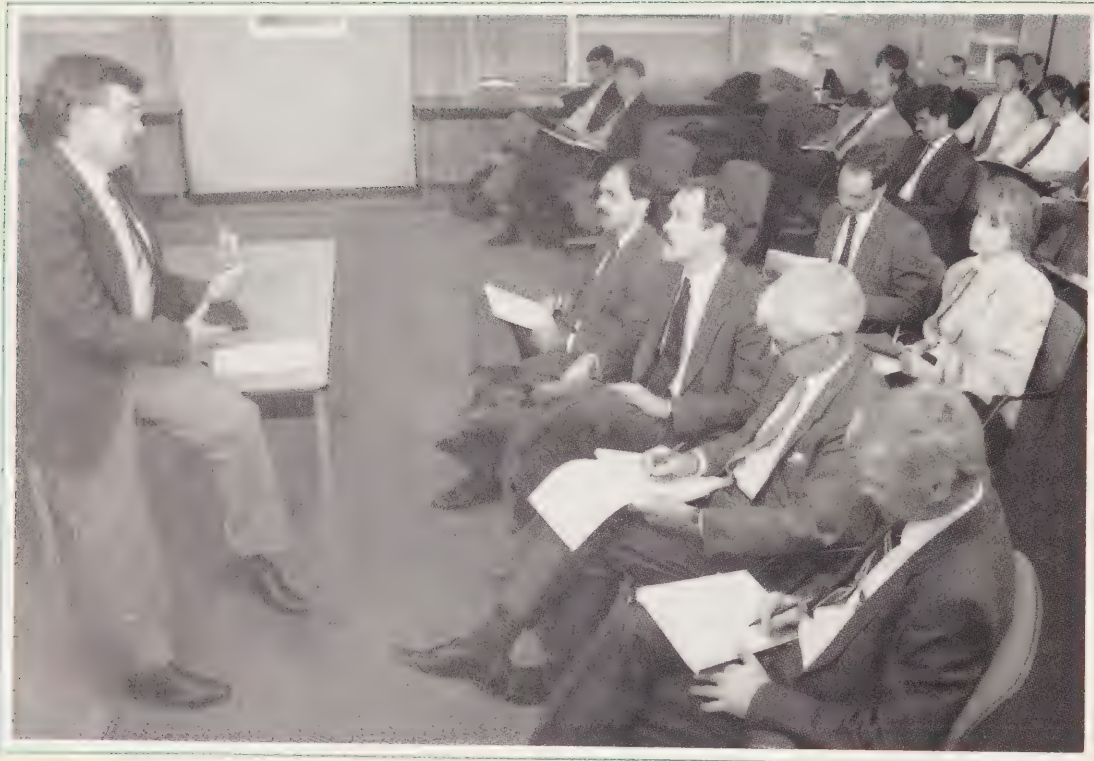
Percentage Change



\* Adjusted for increase in assessable earnings ceiling under Bill 101 in 1985.

\*\* In general, the assessment rates were frozen at 1990 levels.





The Board regularly consults with its stakeholder groups. Here, a consultation group considers proposals for the New Experimental Experience Rating (NEER) plan.

### Experience Rating

During 1990, three additional employer rate groups entered the New Experimental Experience Rating (NEER) plan, bringing the total to 25. The NEER plan is one of three experience rating programs at the Board aimed at reducing the frequency, severity and disabling consequences of workplace injuries by issuing refunds or surcharges to firms in the plan, based on their individual accident experience. The other two experience rating plans are the Voluntary Plan and CAD-7 for construction employers.

In 1990, the board of directors decided that the Voluntary Plan will be discontinued as of January 1, 1992, and NEER will gradually be extended to cover all Schedule 1 employers,

outside of the construction industry, by 1995. The future status of the CAD-7 program is currently under review.

The extension of experience rating coverage to new groups will be co-ordinated with the implementation of the Board's Revenue Strategy. Transition arrangements will be developed in conjunction with affected groups, to ensure that this process proceeds as smoothly as possible.

During 1990, more than 100 seminars and workshops, supplemented by publications and videos, were conducted with groups of NEER employers throughout the province on all aspects of the plan. This kind of educational forum, which was first introduced in 1986, is scheduled to continue.

## Workwell

To encourage employers to establish and maintain safe and healthy work conditions, the Board's Workwell program, which began as a pilot in 1989, was continued through 1990. Under Workwell, rebates are awarded to Schedule 1 employers who demonstrate superior health and safety practices. In some cases, these financial incentives can reach as high as \$100,000. On the other hand, firms with poor practices with respect to workplace health and safety could face surcharges.

During 1990, a new computer program was introduced that identifies employers who may be eligible for rebates. It is anticipated that 33,000 employers may be eligible to participate in the Workwell program. The board of directors made a decision to continue with the section 91(6) rebate portion of the Workwell program, as a pilot, through 1991.

## Technology and Improved Client Service

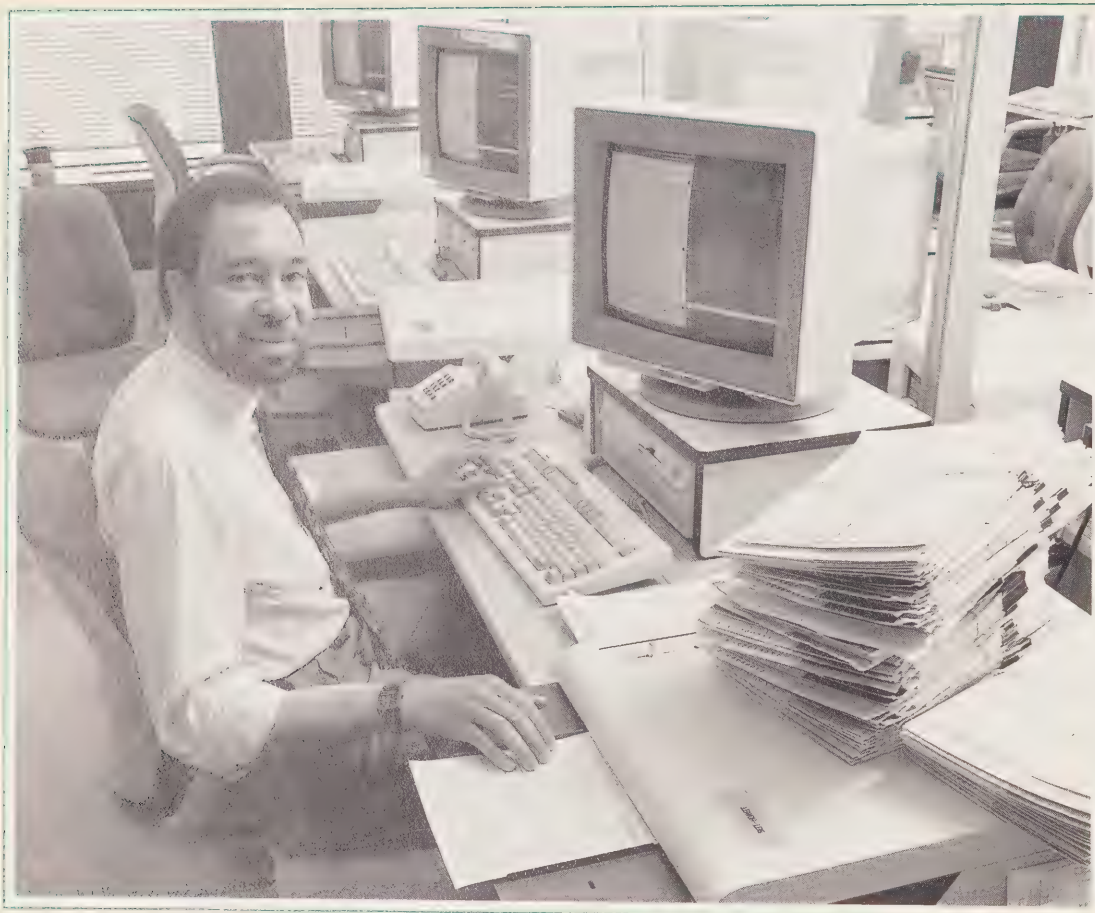
Imaging can be thought of as a massive electronic filing cabinet and mail system. It replaces the paper claim file with an electronic copy which can be reviewed from any of more than 900 image processing workstations in Board offices across the province. Incoming forms and correspondence are quickly scanned into the system, increasing efficiency and control, and virtually eliminating the delays and costs associated with paper reproduction, transfer and storage.

This means that if a file is in the system, phone enquiries from injured workers and employers may be answered much faster. Commencement of a particular stage of the adjudication or rehabilitation process need not be held up because other staff are working on, or looking at, the claim file.



The relocated data centre, with its advanced equipment, has allowed the Board to more than double the available computer capacity.





An imaging clerk scans claim file information into the Board's imaging data bank, making claims information readily available to Board staff and eliminating the need for paper files.

In addition to imaging, the Board added new computer equipment to a relocated data centre. The new site, with power protection, modern cooling and better layout, and the additional equipment have combined to more than double the available computer capacity.

A further technological advance at the Board during 1990 involved the introduction of an interactive voice response (IVR) telephone system that provides basic benefit payment information to injured workers and employers by means of a touch-tone phone and without the need to speak directly with Board staff.

During the year, enhancements were made to the Workers' Benefit System (WBS), a system put in place in 1989 to automate and accelerate benefit payment methods and to provide timely on-line information for the management of claims. The Board worked hard during 1990 to correct the inevitable start-up glitches in the new system.

#### Information Sharing

During the spring and fall of 1990, the Board held two series of one-day information sessions across the province for MPPs and their constituency and legislative office staff –

in recognition of the time these offices spend dealing with compensation matters. These seminars dealt with such topics as: how a claim is processed, medical and vocational rehabilitation, reinstatement, the appeals process and communications with the Board. Because of the success of this important outreach initiative, which saw a total of some 400 attendees in 1990, the seminars will now become a regular feature of the Board's public education program.

Planning was also underway during the year on two important programs that have been scheduled for 1991. A permanent Consultation Branch will be created at the Board to plan, co-ordinate and facilitate all consultation efforts, both internally and externally, with all major stakeholder groups. The Board will also host a major information conference in the fall of 1991, at which WCB stakeholders will have the opportunity to meet with Board staff and discuss topics of mutual concern.

As Ontario's Workers' Compensation Board enters the 1990s, it leaves behind it a decade of extraordinary transformation, of both the organization and the compensation system itself. It is apparent, however, as outlined in this Report, that the foundation is now in place for a more progressive and contemporary WCB, characterized by a greater use of stakeholder consultation and an absolute commitment to constantly improving the range and quality of its services. As the WCB enters a new decade, then so does it enter into an era of renewed commitment to reinforcing the vital partnership among the Board, employers and workers in forging the best possible compensation system for the province.





# *Financial Report*

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# Management Discussion and Analysis

This section of the Annual Report provides an analysis of the Workers' Compensation Board's 1990 operating results and financial position. It also includes comments on the Board's investments.

## Operating Results

The Board levies assessments on the payrolls of Ontario's employers to fund benefits to injured workers. Frequently, the benefit expenditures related to an accident will be paid over a number of years. The financial statements recognize the present value of these future payments as an expense in the year the accident occurs. Assessment revenues which exceed the current year's cash payments are invested in an investment fund for future years' payments.

During 1990, the Board continued to realize positive cash flow as assessment and investment revenues exceeded benefit payments. After recognizing the future payments of incurred claims as a benefits expense, there was a deficit in 1990. The deficit was \$619 million, a 45 per cent decline from the \$1,119 million reported in 1989. The major reason for the decline was that the 1989 deficit included a \$630 million provision related to the transitional provisions of new legislation. A similar provision was not required in 1990.

### Revenues

The strong growth in the Ontario economy, which had been experienced since the mid-1980s, came to an end in the second quarter of 1990. Economic activity was significantly reduced in the goods-producing and construction sectors. As a result, for the fiscal year ended December 31, 1990, assessment revenues declined three per cent from 1989, as shown below:

	1990	1989
	(\$ millions)	
<b>Assessment revenues</b>		
Schedule 1 employers	\$ 2,372	\$ 2,483
Self-insurers	224	195
<b>Total assessment revenues</b>	<b>\$ 2,596</b>	<b>\$ 2,678</b>

	1990	1989
<b>Schedule 1 statistics</b>		
Employers assessed	204,000	205,000
Average assessment rate per hundred dollars of assessable payroll	\$ 3.18	\$ 3.12
Maximum assessable earnings	\$ 38,500	\$ 36,600

Investment income increased by eight per cent to \$440 million from \$409 million in 1989. This income was realized primarily from fixed income securities and short-term investments.

Total revenues declined less than two per cent to \$3.04 billion as the additional investment income did not offset the lower assessment revenue.

#### Benefits

Benefits paid increased by 15 per cent to \$2 billion in 1990. Most of the benefits paid during the year resulted from claims incurred in prior years when employment levels were higher. Although the number of new claims declines during slow economic times, the full impact of lower benefits paid is realized in subsequent years. Temporary compensation benefits paid increased by \$86 million primarily due to the impact of inflation (\$35 million) and longer duration of claims (\$30 million).

Permanent supplement payments amounted to \$109 million, a \$95 million increase over 1989 as the non-transitional provisions of Bill 162 became effective on January 2, 1990. The 1989 payments were under the transitional provisions of Bill 162.

Rehabilitation benefits increased by \$51 million or approximately 22 per cent due to an increase in the number of injured workers receiving rehabilitation services. This is a reflection of the rehabilitation strategy adopted late in 1989.

The net increase in the liability for future benefit payments was \$1.2 billion, as follows:

	(\$ millions)	
	1990	1989
Benefits liability, beginning of the year	\$ 13,780	\$ 11,663
Deduct benefits paid during the year	2,048	1,782
	11,732	9,881
Benefits liability required at year-end, based on claims evaluations and actuarial determinations	15,000	13,780
Total benefits expense for the year	\$ 3,268	\$ 3,899
<b>Represented by:</b>		
Benefits paid during the year	\$ 2,048	\$ 1,782
Increase in benefits liability	1,220	2,117
	\$ 3,268	\$ 3,899



---

In 1989, benefits liability included a special provision of \$630 million under the transitional provisions of Bill 162. Bill 162 provides for supplements to permanently disabled workers incurring a loss of wages in excess of their permanent disability pension. The Bill also provides for supplements to workers while participating in vocational rehabilitation programs. The non-transitional provisions of Bill 162 apply to injuries occurring after January 1, 1990 and the cost is reflected in the 1990 benefits expense.

#### Administrative and Other Expenses

The increase in administrative and other expenses relates to the costs for new programs, to a reclassification of medical report fees and to inflation rate increases. With recent legislative changes, medical report fees are now paid separately to physicians as an administrative expense and are not considered a component of health care costs. The 1990 cost was \$11 million. The impact of inflation was approximately \$13 million.

Special initiatives and new strategies which represented more than one-half the increase in administrative and other expenses over 1989, include the following:

- The Vocational Rehabilitation Strategy came into effect during 1990 with an associated administrative cost of \$16 million. This strategy promotes a more intensive approach to vocational rehabilitation with earlier initiation of vocational rehabilitation programs, the proactive use of external assessment and training centres, and more frequent interaction with and support from the Board's vocational rehabilitation staff.
- The Medical Rehabilitation Strategy continued to be implemented in 1990. This strategy establishes regional evaluation centres and community clinics which provide services to injured workers as close as possible to their homes earlier in the course of treatment, in order to promote a more complete and timely recovery.
- The new Claims Adjudication Strategy was implemented. New adjudicator assistant and nurse specialist positions were added to support service delivery by relieving adjudicators of tasks that can be more appropriately handled by others.
- Other special initiatives included the Revenue Strategy, the implementation of legislative changes related to Bill 162, the imaging project, and the data centre relocation.

## Financial Position

The lower rate of increase in the unfunded liability continued in 1990. The Board's asset growth rate of 11 per cent significantly surpassed the liability growth rate of nine per cent. The unfunded liability increased by seven per cent, to \$9.1 billion. As shown below, assets now represent 41 per cent of total liabilities, up from 40 per cent in 1989. This improvement in the Board's financial position was due to the following:

- The recent trend towards fewer lost-time claims continued during 1990.
- Investment income increased to \$440 million.
- The current year's revenues continued to exceed payments, resulting in a further \$395 million being invested in the investment fund.

With this improvement, the Board's strategy to eliminate the unfunded liability by the year 2014 remains on track, in spite of the current year's decline in revenues. The unfunded liability is anticipated to grow to approximately \$12.5 billion in the year 2000, then decline to zero in the year 2014. Schedule 1 employers' assessment rates include a component relating to the amortization of this liability. Cash flow generated from operations continues to be invested towards retirement of the unfunded liability.



## Investments

Total investments increased by 18 per cent, to \$5.4 billion from \$4.6 billion in 1989. This increase includes \$440 million of re-invested investment income. An additional \$395 million was invested as funds were generated from operating activities and from the reduction of operating cash by \$169 million, to \$277 million as at December 31, 1990.

Due to depressed equity markets, the 1990 rates of return were disappointing. However, the objective of achieving a real rate of return in excess of three per cent in the longer term has been realized over the past four years, despite a lower return in 1990.

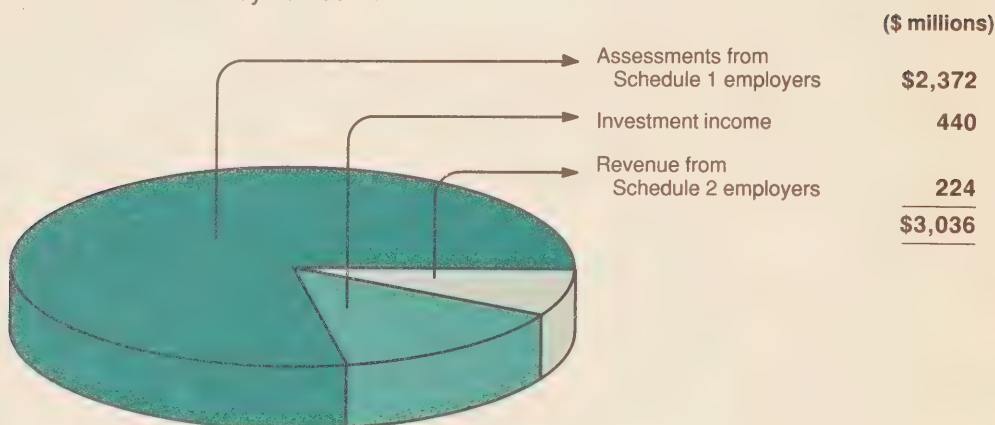
The Board continues a prudent investment policy to ensure the interests of workers and employers are protected. The composition of the portfolio is outlined in the notes to the financial statements.



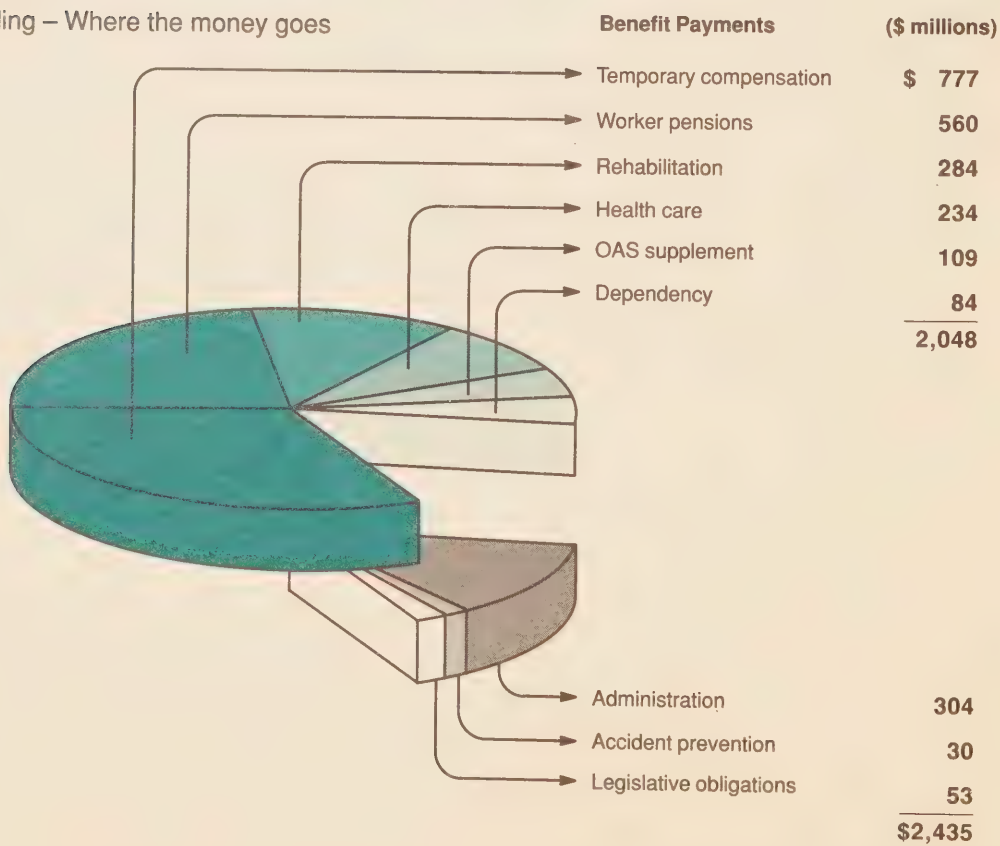
## Revenues and Expenses

The two charts below show principal sources of revenue and where that money is spent:

### Revenue – Where the money comes from



### Spending – Where the money goes



# *Responsibility for Financial Reporting*

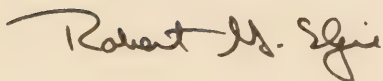
The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The board of directors has established an Audit Committee, comprising three directors who are not officers or employees of the Board, to ensure that management fulfills these responsibilities. The Audit Committee meets periodically with management, the internal auditors and the external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the Board's internal controls, practices and procedures.

The external auditors, Arthur Andersen & Co., working on behalf and under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the Board in accordance with generally accepted auditing standards and, accordingly, included an evaluation of the Board's systems of internal control. The Provincial Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of the Board.

The firm of Eckler Partners Ltd. has been appointed as the independent consulting actuaries to the Board for year-end 1990. Their opinion on the adequacy and appropriateness of the valuation of the Board's actuarial liabilities, and on the proper provision for these costs, is presented as a part of these financial statements.



Robert G. Elgie  
Chairman



Glenn W. Cooper  
Executive Director, Finance and  
Chief Financial Officer

April 5, 1991



# Statement of Unfunded Liability

## WORKERS' COMPENSATION BOARD Statement of Unfunded Liability For the Year Ended December 31, 1990

		(\$ millions)	
	Note	1990	1989
<b>REVENUES</b>			
Assessments		\$ 2,596	\$ 2,678
Investments		440	409
		<u>3,036</u>	<u>3,087</u>
<b>EXPENSES</b>			
Benefits			
• Paid	7	2,048	1,782
• To be paid	5	1,220	2,117
		<u>3,268</u>	<u>3,899</u>
Administrative and other		387	307
		<u>3,655</u>	<u>4,206</u>
<b>INCREASE IN UNFUNDED LIABILITY</b>		<b>(619)</b>	<b>(1,119)</b>
<b>UNFUNDED LIABILITY, beginning of year</b>		<b>(8,469)</b>	<b>(7,350)</b>
<b>UNFUNDED LIABILITY, end of year</b>		<b>\$ (9,088)</b>	<b>\$ (8,469)</b>

# Auditor's Report



## OFFICE OF THE PROVINCIAL AUDITOR BUREAU DU VÉRIFICATEUR PROVINCIAL

Box 105, 15th Floor, 20 Dundas St. West	C.P. 105, 20, rue Dundas ouest, 15 <sup>e</sup> étage
Toronto, Ontario M5G 2C2	Toronto (Ontario) M5G 2C2
(416) 974-9866 Facsimile (416) 324-7012	(416) 974-9866 Télécopieur (416) 324-7012

To the Workers' Compensation Board  
and to the Minister of Labour:

I have audited the balance sheet of the Workers' Compensation Board of Ontario (the Board) as at December 31, 1990 and the statements of unfunded liability and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 1990 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in dark ink, appearing to read "D. F. Archer".

Toronto, Ontario  
April 5, 1991

D. F. Archer, F.C.A.  
Provincial Auditor

# Balance Sheet

## WORKERS' COMPENSATION BOARD Balance Sheet December 31, 1990

(\$ millions)

	Note	1990	1989
<b>ASSETS</b>			
Cash and deposits		\$ 277	\$ 446
Assessment receivables		479	504
Investments	3	5,436	4,621
Other assets		38	38
Fixed assets	4	44	41
		<u>\$ 6,274</u>	<u>\$ 5,650</u>
<b>LIABILITIES</b>			
Accounts payable and accrued charges		\$ 329	\$ 303
Benefits liability, estimated to be payable within one year	5	1,500	1,370
Net deposits	6	33	36
		<u>1,862</u>	<u>1,709</u>
Benefits liability, estimated to be payable beyond one year	5	13,500	12,410
		<u>15,362</u>	<u>14,119</u>
<b>UNFUNDED LIABILITY</b>		<b>(9,088)</b>	<b>(8,469)</b>
		<u>\$ 6,274</u>	<u>\$ 5,650</u>

On behalf of the Board:



Odoardo Di Santo  
Director



Brian King  
Director



# Consulting Actuary's Report

## ECKLER PARTNERS

### CONSULTING ACTUARY'S REPORT ON THE VALUATION OF THE ACTUARIAL LIABILITIES OF THE SCHEDULE 1 ACCIDENT FUND OF THE WORKERS' COMPENSATION BOARD OF ONTARIO AS AT DECEMBER 31, 1990

We have determined the estimated present value of future compensation, rehabilitation and pension payments, health care expenses and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1990 to be \$15 billion. We believe that the assumptions made in this valuation are appropriate and that the methods employed are in accordance with sound actuarial principles. We have examined the data upon which the calculations were based and found it to be sufficient for the purposes of the valuation and consistent with the Board's financial statements. We consulted with the Board's Director of Actuarial Services and management in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to industrial disease or for future expenses of administration.

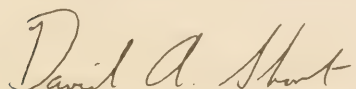
The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 45, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 45a and of the portions of compensation for future loss of earnings under section 45a and of supplemental pensions under section 135(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe management's estimates in this regard to be reasonable.

The present value reported above makes provision for estimated payments in all future years arising from accidents that occurred on or before December 31, 1990. The portion of the present value arising from such payments expected to be made in 1991 is approximately \$1.5 billion. This amount was determined on the basis of the long-term assumptions appropriate for the determination of the present value. It does not represent a forecast of actual 1991 benefit payments, which will be influenced by short-term factors.

The valuation was based on the provisions of the *Workers' Compensation Act* in effect as of January 1, 1991. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum, on the assumption that investment income in excess of that rate will be required to finance increases in benefits related to inflation.

Except as otherwise noted above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, which includes the foregoing comments, the amount of \$15 billion as at December 31, 1990 makes reasonable provision for future compensation, rehabilitation and pension payments, health care expenses and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1990.



David A. Short, F.S.A., F.C.I.A.

Actuaries with the firm of  
Eckler Partners Ltd.



M. David R. Brown, F.S.A., F.C.I.A.

April 5, 1991

# Statement of Changes in Financial Position

## WORKERS' COMPENSATION BOARD Statement of Changes in Financial Position For the Year Ended December 31, 1990

(\$ millions)

	1990	1989
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATING ACTIVITIES</b>		
Increase in unfunded liability	\$ (619)	\$ (1,119)
Add (deduct) items not involving the outlay of cash		
• Amortization of gains and discounts on investments	(105)	(125)
• Depreciation and amortization	14	9
Increase in benefits liability	1,220	2,117
Changes in other net assets	38	(52)
Cash provided by operating activities	548	830
<b>INVESTING ACTIVITIES</b>		
Purchases of long-term investments	(1,865)	(1,641)
Proceeds from sales and maturities of long-term investments	1,364	1,060
Purchases (sales) of short-term investments, net	(199)	(5)
Purchases of fixed assets	(17)	(22)
Cash used for investing activities	(717)	(608)
<b>INCREASE (DECREASE) IN CASH AND DEPOSITS DURING THE YEAR</b>	(169)	222
<b>CASH AND DEPOSITS, beginning of year</b>	446	224
<b>CASH AND DEPOSITS, end of year</b>	\$ 277	\$ 446

# Notes to the Financial Statements

December 31, 1990

## 1. Nature of operations

The Workers' Compensation Board (the Board) is a Crown Agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*).

The Board administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the Board's Accident Fund. Schedule 2 relates to employers who are "self-insured", in that they are individually liable. The Board pays the actual cost of claims for workers of Schedule 2 employers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims. The same applies to the federal government, which is covered under a separate agreement with Labour Canada and, consequently, is treated as a Schedule 2 employer.

The Board does not receive government funding or other assistance and raises funds through assessments on the payrolls of employers covered under the *Act* in order to provide compensation to workers of those employers who are injured in the course of employment or who contract an occupational disease.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are summarized as follows:

### Investments

#### a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

#### b) Equities

Equities are carried at cost adjusted towards market value, based on the moving average market method. Both realized and unrealized gains and losses are deferred and amortized over a seven-year period.

#### c) Real estate securities

Real estate is carried at cost adjusted towards market value, based on the moving average market method. Both realized and unrealized gains and losses are deferred and amortized over a 10-year period.



d) Short-term securities

Short-term securities consist of money market instruments with maturities of less than 12 months from the date of purchase, and are carried at amortized cost. Gains and losses from sales are included in income in the year that they occur.

e) Foreign currency translation

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date. Foreign exchange gains and losses on long-term investments are amortized over a seven-year period.

**Fixed assets**

Fixed assets are stated at cost. Fixed assets, excluding land, are depreciated using the straight-line method at rates calculated to amortize the cost of assets over the estimated useful lives.

**Assessment revenue**

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Act*, adjusted for claim experience, where relevant.

**Leases**

Leases are classified as either capital or operating. Capital leases are recorded as the acquisition of an asset and the incurrence of an obligation. The asset is amortized over its useful life and the obligation is liquidated over the lease term. Operating lease payments and rental costs are charged to expense as incurred.

### 3. Investments

	1990		1989	
	Carrying Value	Market Value	Carrying Value	Market Value
<b>Fixed Income Securities</b>				
Bonds				
Government	\$ 224	\$ 218	\$ 340	\$ 347
Corporate	1,237	1,198	1,157	1,174
Coupons	1,034	1,020	875	936
Mortgages	514	506	472	472
	<u>3,009</u>	<u>2,942</u>	<u>2,844</u>	<u>2,929</u>
<b>Equities</b>				
Common & preferred shares				
Domestic	765	723	880	973
Foreign - U.S.	316	330	120	134
- Global	616	555	414	396
Real estate securities	325	356	189	205
	<u>2,022</u>	<u>1,964</u>	<u>1,603</u>	<u>1,708</u>
<b>Short-term</b>				
Money market	347	347	126	126
Accrued investment income	58	58	48	48
	<u>\$ 5,436</u>	<u>\$ 5,311</u>	<u>\$ 4,621</u>	<u>\$ 4,811</u>

The Board engages in a securities lending program whereby investments are loaned to borrowers, approved by the investment fund's custodian, for a fee, against high quality collateral. At December 31, 1990, the total market value of securities on loan amounted to \$114 million (1989 - \$207 million).

#### 4. Fixed assets

(\$ millions)

	1990			1989	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	Depreciation and Amortization Rates %
Land	\$ 7	\$ -	\$ 7	\$ 7	-
Buildings	11	8	3	4	2 1/2
Leasehold improvements	6	4	2	2	10
Equipment	67	36	31	27	20
Motor vehicles	2	1	1	1	25
	<u>\$ 93</u>	<u>\$ 49</u>	<u>\$ 44</u>	<u>\$ 41</u>	

#### 5. Benefits liability

Benefits liability is based on the level and nature of entitlements and actuarial determinations. Estimates for reported and unreported claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgemental factors are included in the determination of unpaid claims, particularly those relating to Bill 162, management believes that the amounts provided for unpaid claims are adequate. Benefits liability has been discounted to present value, using a real interest rate of three per cent.

Benefits liability does not include any provision for payment of claims relating to self-insurers, as it is a liability of the self-insurers and not of the Board.

In 1989, an amount of \$630 million, relating to the transitional provisions of Bill 162 which came into effect on July 26, 1989, was included in benefits liability. Bill 162 expanded the supplements available to permanently disabled workers who incur a loss of wages in excess of their permanent disability pension to a maximum of the full pension for old age security under section 3 of the *Old Age Security Act*. Disabled workers who are likely to benefit from a vocational rehabilitation program that reinstates them to approximately their pre-injury earnings capacity may be eligible to receive a supplement to their permanent partial disability pension.

The non-transitional provisions of Bill 162 became effective on January 2, 1990. At December 31, 1990, the benefits liability includes \$686 million, consisting of compensation for future loss of earnings (\$540 million), non-economic loss (\$92 million) and loss of retirement income (\$54 million).

As in prior years, provision has not been made for future administration costs of existing claims, or for the cost of claims for occupational/industrial diseases arising in whole, or in part, from employment prior to December 31, 1990, as it cannot be reasonably estimated.



## 6. Self-insurers

At December 31, 1990, the financial statements include the following related to self-insured employers:

	(\$ millions)	
	1990	1989
<b>Balance Sheet</b>		
Net deposits	\$ 33	\$ 36
Represented by		
• Investments	\$ 13	\$ 18
• Assessment receivables	20	18
	\$ 33	\$ 36
<b>Statement of Unfunded Liability</b>		
Assessment revenues	\$ 224	\$ 195
Benefits paid	(194)	(169)
Administrative expenses	(30)	(26)
	\$ -	\$ -

## 7. Benefits paid

Benefits paid consist of the following:

	(\$ millions)	
	1990	1989
Temporary compensation	\$ 777	\$ 691
Worker pensions	560	544
Rehabilitation	284	233
Health care	234	218
OAS supplement	109	14
Dependency	84	82
	\$ 2,048	\$ 1,782

## 8. Related party transactions

The Board is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The Board is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Industrial Disease Standards Panel and the mine rescue stations. The total amount of funding provided under these legislated obligations in 1990 was \$53 million (1989 – \$26 million).

The Board directly funded the provincial safety associations, the Occupational Health and Safety Education Authority and provided safety and educational grants to Tourism Ontario and the Workers' Health and Safety Centre to promote accident prevention. These expenses in 1990 were \$30 million (1989 – \$48 million).

On August 15, 1990, legislation to amend the *Occupational Health and Safety Act* was proclaimed and established the Workplace Health and Safety Agency (WHSA), which succeeded the Occupational Health and Safety Education Authority, to oversee the provincial safety associations (except the Farm Safety Association), and the Workers' Health and Safety Centre of the Ontario Federation of Labour.

WHSA is funded by the Board. Under the amending legislation, the Board is required to provide funding of \$53 million to WHSA for the 1991 calendar year, which was paid on January 2, 1991.

In addition to the legislated obligations and accident prevention expenses referred to above, the financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices, with various Ontario Government-controlled ministries, agencies, and Crown corporations with which the Board may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

## 9. Commitments and contingencies

### a) Leases

At December 31, 1990, the Board was committed under non-cancellable leases requiring future minimum payments as follows:

	(\$ millions)
1991	\$ 17
1992	12
1993	8
1994	5
1995	2
Beyond five years	2
	<hr/>
	\$ 46
	<hr/>

At December 31, 1989, total future minimum payments were \$58 million.

b) Investment commitments

At December 31, 1990, outstanding investment commitments amounted to \$31 million (1989 – \$62 million), primarily consisting of commitments to future mortgage advances.

c) Legal actions

Asbestosis

In December of 1986, the U.S. Bankruptcy Court approved a plan to establish the Manville Settlement Trust with assets in excess of \$2 billion. Claims may be made against the Trust for injuries or diseases that workers or others may have incurred due to exposure to Johns-Manville asbestos products.

The Board has, for some years, been paying benefits and expenses to workers who have incurred asbestos-related injuries or diseases. In view of this, the Board, in 1987, commenced action to exercise any subrogated rights that it might have in respect of Johns-Manville asbestos-related claims filed with the Board since 1975 by Ontario workers or their dependants.

As the amount, if any, the Board might recover from the Manville Trust cannot be determined, no recovery has been included in these financial statements.

Other

The Board is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material adverse effect on the Board.

## 10. Pension plan

The Board has a defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the Board. An independent actuarial valuation has determined that the pension plan is in a surplus position. As at December 31, 1990, the plan's funded status was as follows:

	(\$ millions)	
	1990	1989
Pension assets	\$ 384	\$ 357
Accrued benefits	\$ 291	\$ 259

## 11. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's presentation.



# Ten-Year History

## WORKERS' COMPENSATION BOARD

### Ten-year Summary of the Statement of Unfunded Liability

(\$ millions)

	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
<b>REVENUES</b>										
Assessments	\$2,596	\$2,678	\$2,377	\$2,092	\$1,737	\$1,424	\$1,160	\$ 882	\$ 781	\$ 673
Investments	440	409	316	272	217	186	176	167	170	166
	3,036	3,087	2,693	2,364	1,954	1,610	1,336	1,049	951	839
<b>EXPENSES</b>										
Benefits										
• Paid	2,048	1,782	1,624	1,463	1,246	1,099	979	860	726	621
• To be paid	1,220	2,117	1,443	1,096	1,304	2,990	880	640	700	520
	3,268	3,899	3,067	2,559	2,550	4,089	1,859	1,500	1,426	1,141
Administrative and other	387	307	285	289	230	192	162	146	137	116
	3,655	4,206	3,352	2,848	2,780	4,281	2,021	1,646	1,563	1,257
<b>INCREASE IN UNFUNDED LIABILITY</b>	(619)	(1,119)	(659)	(484)	(826)	(2,671)	(685)	(597)	(612)	(418)
<b>UNFUNDED LIABILITY, beginning of year</b>	(8,469)	(7,350)	(6,691)	(6,207)	(5,381)	(2,710)	(2,025)	(1,428)	(816)	(398)
<b>UNFUNDED LIABILITY, end of year</b>	(\$9,088)	(\$8,469)	(\$7,350)	(\$6,691)	(\$6,207)	(\$5,381)	(\$2,710)	(\$2,025)	(\$1,428)	(\$816)

### Other Statistics

	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981
Total assessable payroll (\$ millions)	\$80,400	\$79,475	\$73,789	\$67,974	\$61,574	\$57,025	\$48,771	\$42,293	\$40,891	\$37,437
Number of WCB employees as at December 31*	5,138	4,611	4,387	4,211	4,218	3,735	3,378	3,217	N/A	N/A
Number of registered claims	473,407	467,212	489,819	469,681	442,080	426,880	388,845	344,758	349,747	415,044

N/A - Not available

\* Includes part-time and temporary staff

# Glossary

**Assessment Rate:** The rate applied to determine the amount of money an employer in Schedule 1 pays the Workers' Compensation Board (WCB). Based on the industry, a firm is assessed a set amount per \$100 of payroll.

## **Benefits:**

### *Temporary Compensation*

These benefits are paid to injured workers to compensate them for temporary loss of earnings due to work-related injuries.

### *Health Care*

This includes payments made to health care professionals, such as physicians and treating agencies, who provide health care treatments to injured workers.

### *Rehabilitation*

- Amount paid to workers for whom no suitable work is available, and who have recovered from *temporary total disability* to *temporary partial disability*. Where appropriate, such workers are participating in a vocational rehabilitation program.
- Income support payments to workers while they are preparing to return to full employment.
- Payments to agencies for the delivery of vocational rehabilitation services, including training, assessment programs, home renovations and other external costs.

### *Pensions*

Amounts paid to workers who have incurred partial or total permanently disabling injuries.

### *OAS Supplement*

This supplement is paid to older permanently partially disabled workers who would likely not benefit from a vocational rehabilitation program – in terms of returning to the workforce.

### *Dependency Awards*

These are payments made to dependants of workers who have died as a result of a work-related injury or disease.

### *Economic Loss*

Future loss of earnings of a worker who has incurred an injury resulting in permanent impairment or temporary disability for 12 continuous months. This is one part of the dual-award system, which came into effect under Bill 162.

### *Non-Economic Loss*

Workers who incur an injury resulting in permanent impairment after January 1, 1990 may receive a monetary award for the loss of enjoyment of life. This is the second part of the dual-award system which came into effect under Bill 162.

### *Loss of Retirement Income*

The Board sets aside additional funds equal to 10 per cent of every payment made to the worker under section 45a of the *Act* for the purpose of providing a retirement pension.

---

**Claims Adjudication:** The process that determines an injured worker's entitlement to benefits under the *Workers' Compensation Act*.

**Claims Adjudicator:** A specially trained employee of the WCB charged with determining a worker's entitlement in a claim, in accordance with the *Act*.

**Client Contact:** The strategy undertaken by the WCB to improve voice communications with injured workers, employers and others who deal with the Board.

**Community Clinics:** Treating facilities, independent of the WCB, which provide health care services to injured workers with soft tissue injuries.

**CRS:** Claims Registration System. An automated process that speeds up claims registration within the Board and works in conjunction with the Workers' Benefit System (WBS).

**Dual-Award:** The system of compensating permanently impaired workers in two possible ways – for loss of earnings and for loss of enjoyment of life.

**IDSP:** Industrial Disease Standards Panel. An independent body funded by the WCB which conducts research on industrial diseases and makes recommendations to the WCB on those diseases that should be compensated.

**Imaging:** The technology which the WCB has adopted in a move towards the paperless office. Claim files and claim-related correspondence which comes into the Board can be accessed by adjudicators on special computer terminals simultaneously and province-wide.

**ISU:** Integrated Service Unit. Injured workers are assigned to a specific ISU based on their employer's postal code. ISUs apply the team approach to decision-making on claims, health care and rehabilitation.

**Medical Rehabilitation:** The strategy of the Board by which early involvement in treating injured workers within, or close to, their own communities promotes more effective treatment. This includes early, active physical therapy in line with experience in sports medicine. If recovery is prolonged, rehabilitation may also include further health care assessments and an evaluation of physical abilities.

**NEER:** New Experimental Experience Rating. A plan that issues refunds or surcharges to firms in participating rate groups on their assessment, depending on the firm's accident cost experience. The plan is designed to provide incentives to firms to improve workplace safety.

**OAS:** Old Age Security. Payments to eligible injured workers under federal pension legislation.

**Ontario Workers' Compensation Institute:** Operated by its own independent board of directors, with funding by the WCB, it is designed to conduct research on occupational injuries and rehabilitation. It also develops and monitors quality standards for community clinics and regional evaluation centres.

**REC:** Regional Evaluation Centres. Provide health care assessments for injured workers whose recovery is prolonged and also provide functional abilities evaluations.



**Schedules 1 and 2:** Employers in Ontario are categorized as either Schedule 1 or Schedule 2. Schedule 1 employers are required to pay annual assessments, which form the Board's Accident Fund. Compensation and health care for injured workers are paid for out of this Fund and are administered by the Board. The majority of employers in Ontario form Schedule 1. Under Schedule 2, each employer is liable for paying the compensation and health care costs of any worker who suffers an occupational accident or disease. Employers in this category include: municipal, provincial and federal governments, railways, airlines and telephone companies.

**Stakeholders:** Individuals or groups who have a special interest – or stake – in the WCB. Includes injured workers, labour, employers and health care professionals.

**Survivor:** A spouse or dependant of a worker who dies as a result of a workplace injury or disease.

**Unfunded Liability:** The difference between the present value of the Board's liabilities and its assets.

**Vocational Rehabilitation:** A program designed to re-establish, as much as possible, an injured worker's pre-accident earnings profile.

**Vocational Rehabilitation Assessment:** Vocational assessments are services performed, or supervised by, a registered psychologist and include reporting on one or all of the following: vocational aptitude, vocational skills, worker characteristics, learning style, vocational interests and pain inventory.

**WBS:** Workers' Benefit System. An automated system that speeds up the payment process to injured workers. The system also provides more timely, on-line information for the management of claims.

**WCAT:** Workers' Compensation Appeals Tribunal. Legislated in 1985, WCAT is the final stage of appeal for a worker or employer who objects to a Board decision. WCAT operates independently of the WCB.

**WHSA:** Workplace Health and Safety Agency. This agency established under Bill 208 assumed the responsibilities of the Occupational Health and Safety Education Authority (OHSEA). The WHSA is responsible for developing and delivering educational and training programs, promoting public awareness of occupational health and safety, funding research, certification of health and safety representatives on joint health and safety committees, and the accreditation of employers. The WHSA is funded by the WCB but operates independently of it under a joint labour/management board of directors.

---

## Workers' Compensation Board Offices

Head Office  
2 Bloor Street East  
Toronto, Ontario  
M4W 3C3

General Inquiry  
(416) 927-9555

1-800-387-0750  
1-800-387-5595  
1-800-387-5540

Telephone Device  
for the Deaf (TDD)

1-800-387-0050

Toronto Claims  
Information Centre

1382 St. Clair Avenue West  
Toronto, Ontario  
M6E 1C6  
(416) 965-8864

Integrated  
Service Units

**Central Ontario East**  
(416) 927-9227  
1-800-263-8877

**Central Ontario West**  
(416) 927-1840  
1-800-387-0025

**Central Ontario South**  
(416) 927-9537  
1-800-387-0068

**Central Ontario  
Construction**  
(416) 927-1217  
1-800-387-0080

**Toronto North**  
(416) 927-9270  
1-800-387-8607

**Toronto South**  
(416) 927-9539  
1-800-387-0064

**Toronto East**  
(416) 927-8533  
1-800-387-0066

**Toronto West**  
(416) 927-1090  
1-800-387-0062

**Complex Case Unit  
(Injuries)**  
(416) 927-3774  
1-800-465-9646

**Complex Case Unit  
(Diseases)**  
(416) 927-3774  
1-800-465-9646

## Regional Offices

### **Hamilton (North and South)**

120 King Street West  
Hamilton, Ontario  
L8P 4V2  
(416) 523-1800  
1-800-263-8488

### **Ottawa (East and West)**

360 Albert Street  
Suite 200  
Ottawa, Ontario  
K1R 7X7  
(613) 238-7851  
1-800-267-9601

### **Thunder Bay**

P. O. Box 7000  
410 Memorial Avenue  
Thunder Bay, Ontario  
P7C 5S2  
(807) 343-1710  
1-800-465-3934

### **London**

148 Fullarton Street  
London, Ontario  
N6A 5P3  
(519) 663-2331  
1-800-265-4752

### **Sudbury**

30 Cedar Street  
Sudbury, Ontario  
P3E 1A4  
(705) 675-9301  
1-800-461-3350

### **Windsor**

235 Eugenie Street West  
Windsor, Ontario  
N8X 2X7  
(519) 966-0660  
1-800-265-7380

## Area Offices

### **Kingston**

234 Concession Street  
Suite 304  
Kingston, Ontario  
K7K 6W6  
(613) 544-9682

### **North Bay**

128 McIntyre Street West  
North Bay, Ontario  
P1B 2Y6  
(705) 472-5200

### **St. Catharines**

Lake-Carlton Plaza  
161 Carlton Street  
Suite 201  
St. Catharines, Ontario  
L2R 1R5  
(416) 687-8622

### **Kitchener/Waterloo**

151 Frederick Street  
Kitchener, Ontario  
N2H 2M2  
(519) 576-4130

### **Sault Ste. Marie**

369 Queen Street East  
Suite 101  
Sault Ste. Marie, Ontario  
P6A 1Z4  
(705) 942-3002

### **Timmins**

Hollinger Court  
100 Waterloo Road  
Timmins, Ontario  
P4N 4X5  
(705) 267-6427





**Workers'  
Compensation  
Board**

**Commission  
des accidents  
du travail**



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THE WORKERS' COMPENSATION BOARD OF ONTARIO

# ANNUAL REPORT 1991

*A Commitment to Consultation and Service*



*Si vous désirez obtenir un exemplaire du  
Rapport annuel et du Supplément statistique  
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Commission des accidents du travail  
Direction des communications  
2, rue Bloor Est, 26<sup>e</sup> étage  
Toronto (Ontario)  
M4W 3C3  
(416) 927-3500*

*A Statistical Supplement to the  
1991 Annual Report is available upon  
request from the  
Workers' Compensation Board  
Communications Branch  
2 Bloor Street East, 26th Floor  
Toronto, Ontario  
M4W 3C3  
(416) 927-3500*

ISSN 0822-2150

Together we're going to work.

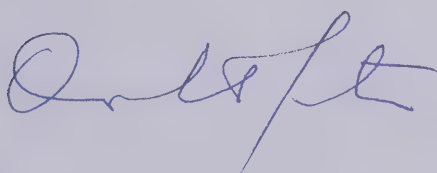


The Workers' Compensation Board (WCB) is a statutory corporation created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario. The Board raises funds from the province's employers in order to provide compensation to workers who are injured on the job or who contract an occupational disease.

Compensation includes payment for loss of wages that may result from the injury or disease, economic loss and/or non-economic loss benefits for permanent disability, payment of health care expenses, a wide range of vocational and medical rehabilitation services, retraining programs, and survivors' benefits in the case of a fatality. The Board also sponsors a range of accident prevention activities.

Colonel The Honourable Henry N.R. Jackman, O.St. J., B.A., LL.B., LL.D.,  
Lieutenant Governor of Ontario

The Workers' Compensation Board is pleased to submit its annual report of operations for 1991.

A handwritten signature in blue ink, appearing to read 'Odoardo Di Santo', is written over a faint, light blue grid background.

Odoardo Di Santo, Chair



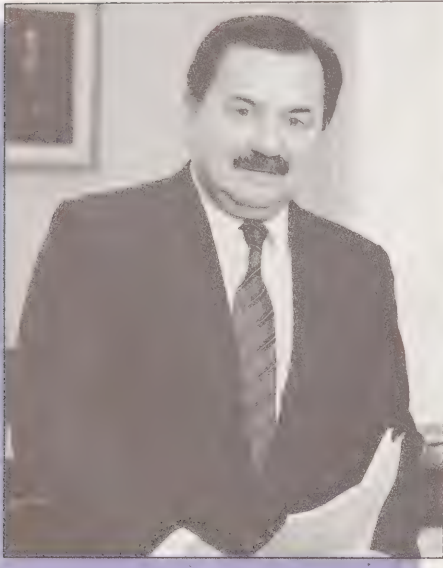
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# Chair's Message

As someone who has spent many years with the Workers' Compensation Board as a client in the system, my arrival as Chair in April of 1991 gave me my first opportunity to see the system from the inside out.



*Odoardo Di Santo, Chair*

What I discovered was a dedicated, hard working staff who truly felt committed to the organization and its clients. I realized we had the employee make-up on which the organization could rely to be sensitive to client needs.

However, I found that the pace of change over the past few years had generated significant problems. Staff were still reeling from the impacts of Bill 162, technological changes and internal reorganization. I identified a need to rebuild and stabilize.

I also recognized that we needed to develop better ties between our organization and the clients we serve. We knew our staff were committed to providing the best service possible, yet many clients felt they were not getting the services they required.

We needed to prove to the people we serve, both workers and employers, that we were responsive to their needs. I wanted to ensure all clients felt they were being treated with dignity and respect.

As well, I knew the key to a better compensation system lay with enhancing the ability of injured workers to get back to work.

Therefore, 1991 resulted in a focus on three themes – consultation with clients; service delivery; and promoting a return to work for injured workers.

Consultation was a feature of our approach to major policy initiatives. There has been broad response to province-wide consultations such as those on entitlement and workplace stress. Although opinions sometimes diverged, the number of representations demonstrated the desire of our clients to have input into the system's future.

This consultative approach continues into 1992 with meetings and discussions on the WCB funding strategy.

An important part of the consultation process was a series of regional tours. I met with employers, workers, and professional groups across the province. I listened to their concerns and accepted their feedback, and I believe this has helped strengthen relationships with both our clients and staff.

Another major initiative was the establishment of the *Task Force on Service Delivery and Vocational Rehabilitation*, chaired by public policy consultant Maria Minna. Again, we followed the approach of client consultation. Local task force committees were set up in seven centres across the province. Each are representative of employers and workers and reflective of local sentiments.

Simultaneously, we approached service delivery from an internal perspective. We began working to review our service delivery results and any barriers to improved service. Our aim is to establish a system of continual service delivery improvement. Recommendations from a preliminary evaluation are expected early in 1992.

Service delivery is integrally connected with a positive workplace. If the staff do not feel they are working in a supportive environment, it can be reflected in their dealings with our client public.

For this reason, we established a new Human Resources Mission Statement. It sets out clear expectations for our employees' working environment. As well, the Human Resources Strategy Group forged ahead with renewed commitment to a working environment which allows employees to do their work well, with rationalized classification and recruitment systems, new methods of performance appraisal, and enhanced approaches to training and development.

Our third theme has been to promote opportunities for injured workers to return to a productive role in the workforce. Not only does this approach offer humane alternatives for disabled workers, it has been shown time and time again to provide the most cost effective approach to managing employer compensation costs. On my regional tours, I visited many employers who have very successfully reintegrated injured workers into productive jobs. Each of these companies has been rewarded handsomely for its efforts, through both lowered compensation costs and improved workplace relationships.

Improved success in returning disabled workers to work is a cornerstone of the WCB's efforts to maintain effective cost control. This is even more important given the economic downturn experienced during 1991 and the lower than anticipated WCB revenues.

Improved services to employers were also established. The Revenue Strategy - Environment for Tomorrow (RESET) team worked throughout 1991 to simplify and enhance employer services. The classification system was revised to reflect individual employer circumstances better. Plans to rationalize revenue services were put in motion, allowing employers to deal with just one area when seeking clarification of most revenue issues.

As a result of the recession and structural changes in the economy, the WCB is looking at revising its long term funding strategy. Again, we are seeking client input prior to making any recommendations. We anticipate making a decision on the funding strategy in mid-1992.

Handling all of this, although no small feat, has been made easier for us with the help of our new board of directors. In particular, Vice-Chairs Robert Stanbury, Jim Goodison, and Brian King have contributed enormously. Special thanks to Joseph Duffy, Daphne FitzGerald, Stephen Mantis, Homer Seguin, and Carmer Sweica for their efforts on the board.

As well, I would like to extend our gratitude to the people who left our board of directors during 1991, Stephen Hessian, David Mackenzie, Paul Richards, and Fred Telmer for all their efforts over the years.

Significant contributions to the successes of the past year were made by Dr. Elizabeth Kaegi and Cindy Morton, who served as senior vice-presidents until December 1991. Their abilities will be sorely missed.

A special note of thanks must be extended to my predecessor, Dr. Robert Elgie, who ended his term as Chair in April. Dr. Elgie had the unenviable task of guiding the Board through the complex initial and ongoing effects from the provisions of Bill 162. I would like to express on behalf of the board of directors, the staff and myself, our sincere appreciation for his dedication and insight.

Throughout my tenure at the Board, I have tried to establish consensus on how best to deal with the future of the compensation system. I feel we have laid the groundwork for developing a system that will meet and exceed the expectations of the people of Ontario. In the future, I will continue to rely on your input and direction.

To all of our clients and staff, I wish to express my sincere thanks for your support.

On behalf of the board of directors,

A handwritten signature in blue ink, appearing to read 'O. Di Santo', with a long horizontal stroke extending to the right.

Odoardo Di Santo,  
Chair



# Board of Directors



With the implementation of Bill 101 in 1985, the Workers' Compensation Corporate Board was eliminated and replaced by a part-time external board of directors, with a full-time Chair and Vice-Chair. In keeping with section 56 (RSO 1990) of the Workers' Compensation Act, this board is representative of employers, workers, professional persons and the public. The board of directors oversees the development and delivery of compensation policies and programs.

*Seated (l. to r.): James Goodison, Odoardo Di Santo, Robert Elgie, Daphne FitzGerald. Standing (l. to r.): Robert Stanbury, Carmer Sweica, Stephen Hessian, Joseph Duffy, Brian King, Fred Telmer, David Mackenzie, Stephen Mantis, Paul Richards, Homer Seguin. Absent: Ronald Ellis.*

**Odoardo Di Santo**  
*Chair of the Board*  
*From April 1991*

**Robert G. Elgie, Q.C., M.D., F.R.C.S.(C)**  
*Chair of the Board*  
*January - April 1991*

**Brian King**  
*Vice-Chair of Administration*

**Robert D.G. Stanbury**  
*Vice-Chair (Employers)*

**James V. Goodison**  
*Vice-Chair (Workers)*

**Joseph Duffy**  
*Business Manager and Secretary-Treasurer,*  
*Provincial Building and Construction Trades*  
*Council of Ontario*

**S. Ronald Ellis**  
*Chair, Workers' Compensation Appeals Tribunal*

■ **Daphne J. FitzGerald**  
*Senior Vice-President,*  
*Corporate Development, Canada*  
*Zurich Canada*

■ **Audit Committee Member**

■ **Stephen S. Hessian**  
*Resident Manager,*  
*Domtar Inc.*

**David R. Mackenzie**  
*Assistant to the National Director,*  
*United Steelworkers of America*

■ **Stephen Mantis**  
*Injured Workers' Advocate,*  
*Thunder Bay and District Injured*  
*Workers' Support Group*

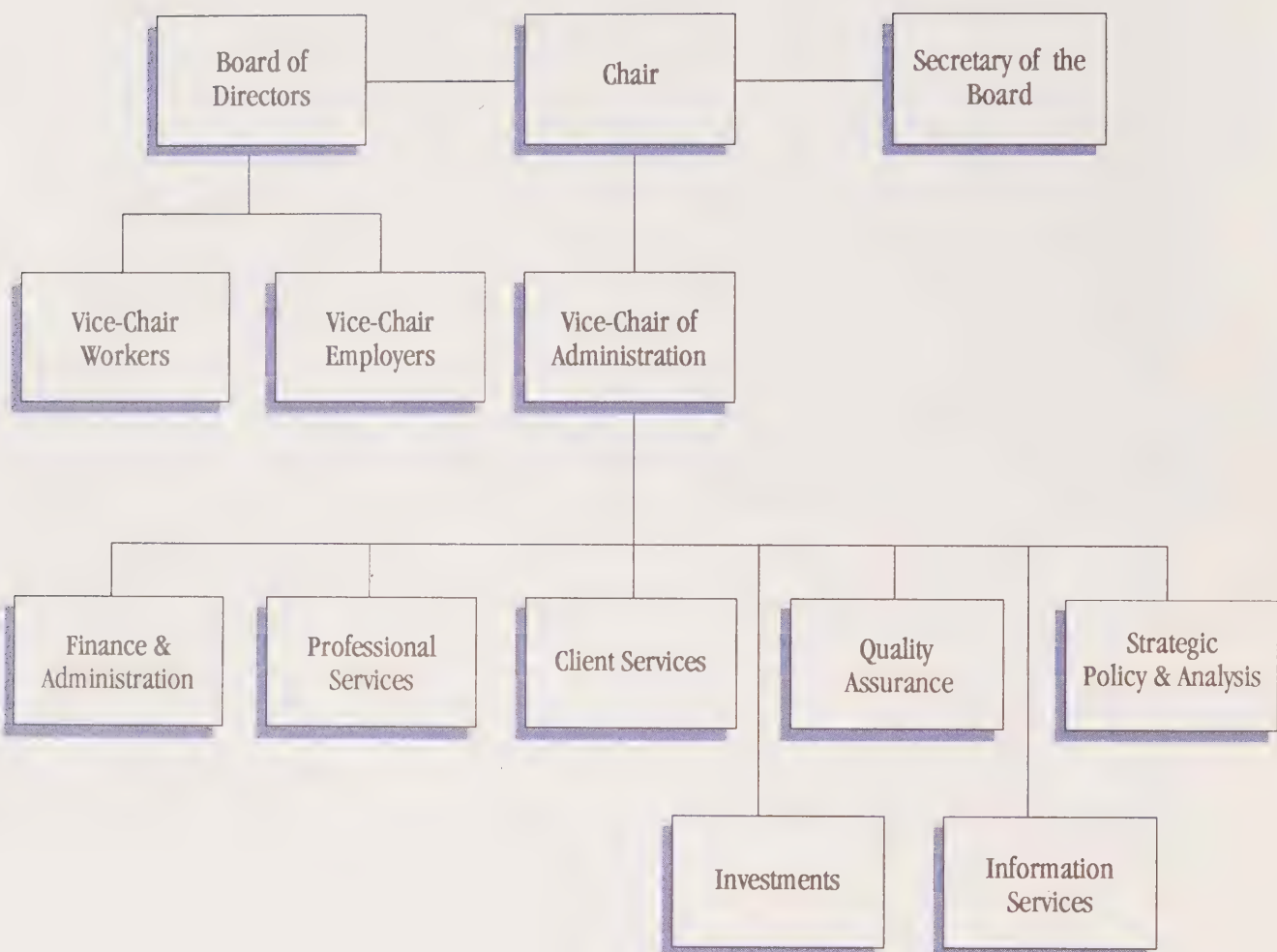
**Paul Richards**  
*President,*  
*Johns Scientific Inc.*

**Homer Seguin**  
*Area Co-ordinator,*  
*United Steelworkers of America District 6*

**Carmer Sweica**  
*Manager, Corporate Risk and Employee Programs,*  
*Lackie Bros. Limited*

**Fred Telmer**  
*Chairman and Chief Executive Officer,*  
*Stelco, Inc.*

# Organizational Structure



*Downsview Rehabilitation Centre and the Farm Safety Association report to Professional Services.*

# Management Committee



*The mandate of the Management Committee is to assist the Vice-Chair of Administration with the management of the WCB's day-to-day affairs. The Management Committee also ensures that the overall operational and administrative direction of the WCB is compatible with corporate policies.*

*Seated (l. to r.): Robert Coke, Senior-Vice President, Finance and Administration, Brian King, Vice-Chair of Administration, Elizabeth Kaegi, Senior Vice-President, Professional Services. Standing (l. to r.): Dale Jeffries, Vice-President, Information Services, Cindy Morton, Senior Vice-President, Strategic Policy and Analysis, Heidi Kulynych, Executive Assistant, Mike Czetyrbok, Senior Vice-President, Quality Assurance, Sam Van Clieaf, Senior Vice-President, Client Services.*

## Vice-Chairs

*The Vice-Chairs, Workers and Employers, occupy new positions on the board of directors that were approved early in 1991 by the Ontario Government. They are responsible for the evaluation of materials and recommendations presented by staff to the BoD to ensure that more informed, fairer decisions are made.*



*James Goodison,  
Vice-Chair,  
Workers*



*Robert Stanbury,  
Vice-Chair,  
Employers*

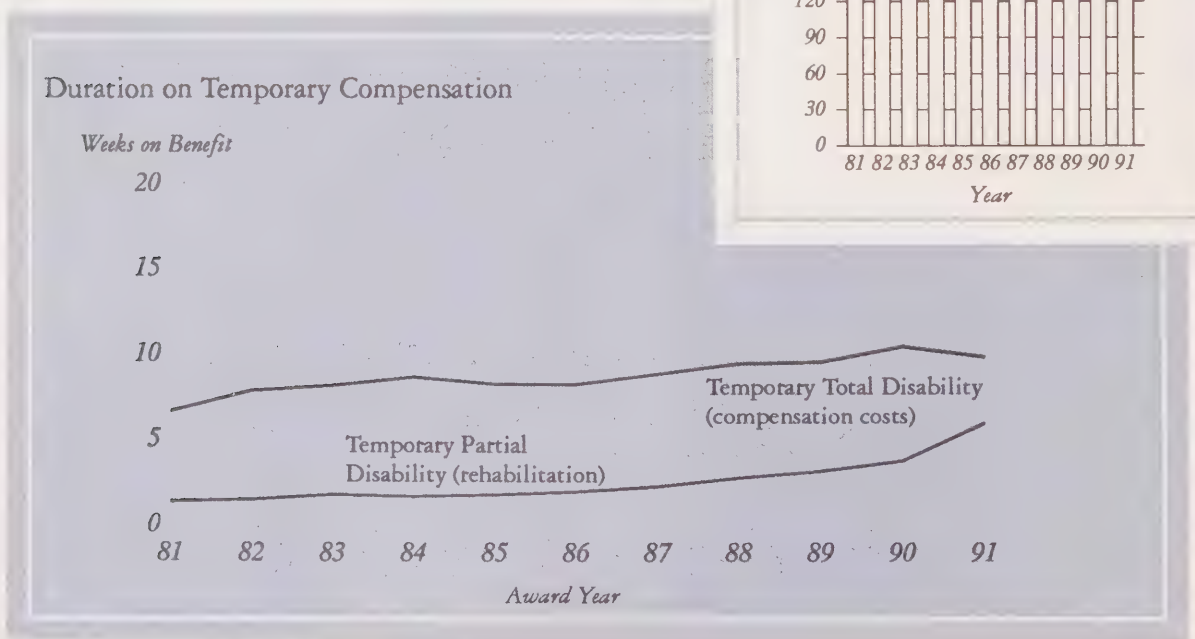


# 1991 - An Overview

The Workers' Compensation Board of Ontario was emerging from a decade of sweeping changes as 1991 began. The changes included complex new legislation that altered the way the Board addressed many compensation issues. Technological innovations required the purchase of new equipment and adaptation to its use. The Board required extensive organizational realignment to keep abreast of all the internal and external change. Consequently, costs rose and the Board's service delivery suffered.

In 1991, the province was in the grip of a deep and unexpected recession. Employers were fighting for survival with layoffs and plant closings. The economic shrinkage cut into Board revenues as the economic base diminished. By year end, assessment levels were down 3.5 per cent over the same period the previous year. The unfunded liability grew even higher than planned. Its future reduction was based on a 1984 funding strategy that was set off course by the recession. As well, with more injured workers in Board programs, total benefit payments increased by almost 14 per cent. This was primarily due to an increase in the length of time workers remained on Temporary Partial Compensation benefits (see chart for details).

Facing these challenges, a new administration made a strong commitment early in 1991 to have a more open and responsive Board. It would find creative solutions to its difficulties through consultation with all its clients. The administration reinforced service delivery as the number one corporate priority. Later in the year, the Board reviewed its funding strategy to



The number of lost-time claims processed by the WCB has been decreasing since 1989 (top chart). Overall compensation costs have been rising, primarily as a result of recent increased rehabilitation efforts (bottom chart). As workers are re-employed, through improving rehabilitation services, the temporary partial disability costs and overall compensation costs are predicted to decline.

find ways to avoid untenable increases in employer assessments. It developed a range of funding options to retire the unfunded liability that will be presented to clients in 1992.

In 1991, the Board also placed a priority on developing measurable, quantifiable service improvements. These would include performance standards and indicators, as well as improved staff training, strengthened internal communications, and comprehensive policy and procedural reviews, such as the *Operational Review of Service Performance*. The Board also identified improved medical and vocational rehabilitation services as a major opportunity for cost reduction. More efficient rehabilitation can return injured workers to work faster and, in time, reduce related expenses within the system.

### *Commitment to Consultation and Service*

Despite the financial and service difficulties, 1991 was a period of renewed vision and energy. It was a year marked by a corporate commitment to consultation, service and promoting a return to work for injured workers. The Board made concerted and continuing efforts to identify and address client concerns not only efficiently, but humanely. A new administration was the driving force behind many of these initiatives.

Odoardo Di Santo became Chair of the Board in April 1991. Mr. Di Santo, a member of the Ontario Legislature for 10 years, came to the Board from the Office of the Worker Adviser. He had been that organization's first director since its inception five years before. At the same time, Brian King took over the position of Vice-Chair of Administration. A former injured worker, Mr. King was an industrial relations consultant and was Chair of the Workers' Compensation Boards in Manitoba and Saskatchewan.

The new executive and its team was the principal architect of several initiatives designed to make the Board more responsive through consultation with clients and improved long and short term service delivery. Staff throughout the Board were involved in the development of these initiatives.

### *Consultation Branch: A Catalyst for Client Feedback*

A permanent Consultation Branch was established in 1991 to plan, co-ordinate and ease consultation efforts. The branch is responsible for getting feedback from internal and external clients on policy proposals and issues. It organized a series of public meetings held for the first time on highly visible and controversial proposed policies about entitlement and workplace stressors. The meetings began in October and generated considerable interest and comment from clients during the year. They will end in March 1992. The board of directors will closely study the various proposals before making any policy decisions.

Consultations also took place on many other projects including: Form 7, worker/independent operator status, employer compliance/penalties, and reform of the Second Injury and Enhancement Fund (SIEF).

## Identifying Client Concerns

In the spirit of consultation, the Board held a major meeting on current compensation issues, Info Conference '91, in November. More than 350 of the WCB's clients attended. The event served to promote and communicate the Board's openness with divergent but equally significant interest groups. It was a vehicle to increase awareness, understanding and support for various WCB initiatives. The day and a half long conference featured updates on major WCB programs and policies presented in a format that allowed immediate feedback and comment.



*Info Conference '91 proved to be a successful forum in which to present many sides of workers' compensation issues.*

Several studies started during 1991 that reviewed the Board's operations, services and service delivery. For example, Mr. Di Santo announced formation of the Chair's *Task Force on Service Delivery and Vocational Rehabilitation* at Info Conference '91. The task force, chaired by public policy consultant Maria Minna, will identify and prioritize service delivery and vocational rehabilitation issues that are of concern to the

Board's various client groups, as well as propose cost-effective solutions to existing problems. Through its steering committee and seven regional advisory groups, the task force will consult with interested clients representing a range of workers' compensation issues throughout the province. It will recommend communication and outreach strategies to the WCB to improve working partnerships between the WCB and its clients with a view to enhanced service delivery and vocational rehabilitation programs. It will also review submissions made to the Ontario Legislature's Standing Committee on Resources Development. The task force will report back to the Chair of the WCB in May, 1992.

The *Client Service Satisfaction Study, 1991*, was the first of what will be an annual study of client satisfaction with the Board. Its purpose is to gauge external client understanding and attitudes towards Board programs and to identify areas where services or client communications can improve. Clients surveyed included injured workers, employers, MPP constituency assistants, and health care providers. The results and recommendations of the client satisfaction study will provide input into other WCB initiatives such as the Chair's *Task Force on Service Delivery and Vocational Rehabilitation*.



While external client opinion represents the foundation of a sustainable service improvement program, staff views and perceptions are also important. Their attitude and support of the initiatives they will be working on is crucial. In this regard, Mr. Di Santo toured the Board's regional offices soon after he became Chair, consulting with as many employees as possible for first hand information about staff concerns and the organization's culture.

This effort on the part of the Chair was reinforced through a

survey held in December to gauge employee attitudes, satisfaction and opinions about working at the Board. *The Non-Bargaining Employee Opinion Survey, 1991*, was administered among non-bargaining unit staff only, as management and the bargaining agent, CUPE 1750, were engaged in collective bargaining at the time of survey distribution.

The results of this survey will be provided for input to other initiatives such as Quality Assurance, the Human Resources Strategy, the Chair's Task Force on Service Delivery and the Operational Review. The Board plans to conduct another staff opinion survey so that the organization can measure change in employee opinions, expectations and needs.

The *Operational Review of Service Performance* started in November to provide an objective, business-like study of the Board's core policies and procedures. In its report, the Ontario Legislature's Standing Committee on Resources Development instructed the Board to review six key areas identified by witnesses as requiring immediate attention. They were: human resources issues, particularly as they relate to claims adjudication; vocational rehabilitation; organizational issues; the use of technology; written communications and policy development. The committee has requested the Board to review service impediments related to each of these areas and to develop performance improvement plans to address each problem. The final report is scheduled for completion in May, 1992. It will contain a complete analysis of current issues, resources and proposed WCB actions.

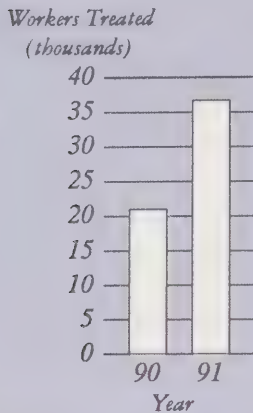


*Consultation with clients is a priority with the Board. At one of several public meetings he attended on the subjects of entitlement and workplace stressors during 1991, Board Chair Odoardo Di Santo discussed a point with a client.*

## ***Returning to Work – Medical and Vocational Rehabilitation***

The Medical Rehabilitation Strategy began in 1989. The three-tiered system provides medical rehabilitation assessment, and treatment and rehabilitation facilities located much closer to home for many injured workers. The Board made some progress in meeting rehabilitation needs of its clients during 1991 with earlier intervention and return to work. It recognized, however, the need for further improvements.

### Number of Workers Treated at Clinics and Regional Evaluation Centres during 1990 and 1991



Increasing numbers of workers are being seen at community clinics and at Regional Evaluation Centres throughout Ontario.

Client surveys conducted by the Board revealed that vocational rehabilitation does not appear to be meeting workers' expectations. Suggestions for improving the system will come directly from the Chair's task force, complementary internal initiatives such as the operational review, and surveys of injured workers, employers, and health care providers.

Eighteen new community clinics opened in 1991. This expanded the Board's rehabilitation network into underserved areas bringing the number of clinics in the province to 104. There are also 24 Regional Evaluation Centres throughout the province now, up from 15 a year ago. These facilities have comprehensive evaluation services for injured workers. The system evaluated or treated nearly 37,000 workers in 1991, up from 21,000 in 1990.

The board of directors decided in June to maintain the Downsview Rehabilitation Centre as the services it provides can be carried out most effectively from a centralized location. The services are amputee, hand and head injury rehabilitation, psychotrauma and pain treatment, and the manufacture of prosthetics and custom footwear.

### *Client Services Reorganized and Strengthened*

In July, the Central Client Services and Regional Client Services Divisions became one larger Client Services Division. The reorganization aimed for a steady improvement in service delivery. This would be accomplished through the redeployment of resources, intensive training and the setting of performance expectations for adjudication, rehabilitation and client contact.

Some effects became apparent within the year. Much faster initial entitlement decisions took place. In September 1990, for example, seven per cent of lost-time claims still awaited a decision 12 weeks after registration. By August 1991, only 1.3 per cent of decisions took longer than 12 weeks.



*The Downsview Rehabilitation Centre will continue to provide a range of high quality rehabilitation services within one facility.*



In response to client concerns, the Board strengthened the claims adjudication process, increasing the number of adjudicators by removing the adjudicator assistant role. About 200 adjudicator assistants entered training to bring their skills up to that of full adjudicator status.

Following the reorganization, a comprehensive training program was initiated to help staff continue the development of their technical expertise to better deal with policy change and case management.

In April, to support the claims adjudication process, the board of directors approved the purchase and installation of 300 new imaging terminals that electronically scan files and display them on computer screens. They will save clients and Client Services staff time by providing simultaneous and virtually instantaneous access to documents across the province. Installation will occur in 1992 in area offices and in selected other locations, called remote work bases, where no on-line access to claim file documents had been available.

### *Quality Assurance Program Begun*

In July, a quality assurance program was established. The mandate of the new, high profile program was to improve customer service throughout the organization. During 1991, clients and staff were extensively contacted to determine just what service levels are expected and how best to deliver them.

Much planning and preparation was done, with input from staff at all levels, to ready the organization for implementation of a quality assurance program that will reach throughout the organization. The program will focus on such indicators as performance standards and measurement, staff training, internal communications policy and procedural reviews. The Corporate Data Branch will work with the quality assurance program to provide measurable statistics about the progress of quality service.



*The WCB is making every effort to obtain direct feedback about its services and policies from all its clients.*

### *Fairer Revenue Collection*

Dramatic changes were taking place in revenue collection, assessment and classification during 1991. Development of the Revenue Strategy, which aims to group employers more closely by business activity and common risk, statistical credibility, and clarity of distinction among rate groups, continued throughout the year. The strategy was enhanced by RESET, Revenue Strategy - Environment for Tomorrow. RESET is a project created to help implement the revenue strategy and improve accuracy, flexibility and speed of service to employers.



In March, implementation of the new employer classification scheme was deferred to January 1, 1993 to permit further consultation. In the summer, a mailing went to 200,000 Schedule 1 employers requesting information on, and supplying "shadow rate" examples for, the new classification system. Employer returns from these mailings and other consultations were a big help in refining the classification system.

A strategy to retire the unfunded liability by 2014, developed in 1984, had no way of taking the severe recession of 1990/91 into account. Declining revenues, increasing costs and the effects of new legislation, undermined the 1984 strategy. If the strategy were to continue unchanged, future assessment rates would be unacceptably high. In response, the Board plans a series of optional funding strategies for presentation to employers in early 1992.

### *Experience Rating - Performance Reduces Costs*

A reduction in accidents can lead to positive financial results for the compensation system generally and for individual employers. The Board continued to operate various experience rating programs that issue refunds or surcharges to firms depending on the individual firm's accident cost experience. By providing financial incentives, experience rating helps to improve workplace health and safety conditions, reducing the frequency, seriousness and

disabling consequences of work injuries. Moreover, these incentives encourage employers to participate actively in vocational rehabilitation programs in order to help injured workers return to the job.

During 1991, the CAD-7 experience rating plan, designed to achieve improved health and safety performance in the construction industry, was extended to the end of 1992. The extension will allow further consultation with clients to take place. The review is being conducted in close co-operation with the construction industry.

Also during 1991, one new group – retail food – entered the New Experimental Experience Rating plan (NEER) bringing the number of industries covered to 26. NEER will



*The WCB offers on-site workplace health and safety audits for employers that can help cut back accidents and associated costs.*

gradually expand to cover all Schedule 1 employers outside the construction industry by 1995. The Voluntary Experience Rating plan ended in December. The 24 industries in that plan will be added to NEER on January 1, 1992.

The Board's Workwell program continued to be a financial incentive to employers who show excellence in occupational health and safety. A series of rebates (awards have been as high as \$100,000) and surcharges on employer assessments both reward and encourage workplace safety. Workwell began as a pilot program in 1989 and has continued successfully since that time.

### *1991 - Towards Improving the System*

In 1991, the Workers' Compensation Board of Ontario took a long and thorough look at itself to improve service for its clients. Led by a new administration, it announced a commitment to become more open and accessible. It pledged to make these changes through a process of consultation with all its clients.

As the Workers' Compensation Board enters 1992, it takes with it past experience and current plans for progress. The Board's commitment for the future is to ensure that the Board, workers and employers will continue to work in partnership in the delivery of an increasingly effective and responsive workers' compensation system.





# Financial Report

## WORKERS' COMPENSATION BOARD

Year ended December 31, 1991

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# Management Discussion and Analysis

This analysis is supplemental to the financial statements and is intended to provide additional information on the performance of the WCB and on its current financial position and operating activities.

## Overview

The WCB is funded from levies collected from Ontario employers, referred to in Schedule 1 of the *Workers' Compensation Act* (the *Act*), based on their assessable payrolls. Revenue is also earned from assets held in an investment fund. The major expenses are the payments of benefits on an ongoing basis for injured workers and the net provision made for the present value of future payments for injured workers. In performing its mandate, the WCB incurs administration costs and makes payments to meet legislated obligations.

The WCB also pays benefits to injured workers of employers covered under Schedule 2 of the *Act*, self-insurers. Self-insurers reimburse the WCB for the cost of benefits paid as well as for the cost of administering those claims.

Summarized below is a comparison of the consolidated WCB revenues and expenses for 1991 with those for 1990:

(\$ millions)	1991	1990	% Change
<b>Revenues</b>			
Assessment	\$ 2,505	\$ 2,596	(3.5%)
Investment	450	440	2.3%
	<u>2,955</u>	<u>3,036</u>	(2.7%)
<b>Expenses</b>			
Benefits paid	2,342	2,059	13.7%
Transfers to Injured Workers' Retirement Fund	2	—	—
Administrative and other, and legislated obligations	<u>430</u>	<u>376</u>	14.4%
	<u>2,774</u>	<u>2,435</u>	13.9%
<b>Excess of Revenues over Expenses, before net increase in benefits liability</b>	<b>181</b>	<b>601</b>	<b>(69.9%)</b>
<b>Net increase in benefits liability</b>	<b>1,440</b>	<b>1,220</b>	<b>18.0%</b>
<b>Excess of Expenses over Revenues</b>	<b>\$ 1,259</b>	<b>\$ 619</b>	<b>103.4%</b>

The severe recession, which began to affect the Ontario economy in 1990, continued throughout 1991. This resulted in reduced assessment revenues, which, along with increased benefit costs, were the major contributors to the increase in the unfunded liability. The unfunded liability increased by \$1,259 million (\$619 million in 1990) to \$10,347 million in 1991.

In February 1992, the WCB released a Funding Strategy discussion paper with a number of alternatives put forward for dealing with the projected growth of the unfunded liability.

## Operating Results

### 1991 Operating Results for Schedule 1: (\$ millions)

	1991	1990	% Change
<b>Revenues</b>			
Assessment	\$ 2,242	\$ 2,373	(5.5%)
Investment	450	440	2.3%
	<u>\$ 2,692</u>	<u>\$ 2,813</u>	(4.3%)
<b>Expenses</b>			
Benefits	\$ 3,555	\$ 3,085	15.2%
Administrative and other	309	294	5.1%
Legislated obligations	87	53	64.2%
	<u>3,951</u>	<u>3,432</u>	15.1%
<b>Increase in Unfunded Liability</b>	<u>\$ 1,259</u>	<u>\$ 619</u>	103.4%

### 1991 Operating Results for Self-insurers: (\$ millions)

	1991	1990	% Change
<b>Revenues</b>			
Assessment	\$ 263	\$ 223	17.9%
<b>Expenses</b>			
Benefits	229	194	18.0%
Administrative	34	29	17.2%
	<u>\$ 263</u>	<u>\$ 223</u>	17.9%



## Assessment Revenue

Assessment revenue consists of levies charged on assessable payrolls of Schedule 1 employers and reimbursements from self-insurers as follows:

(\$ millions)

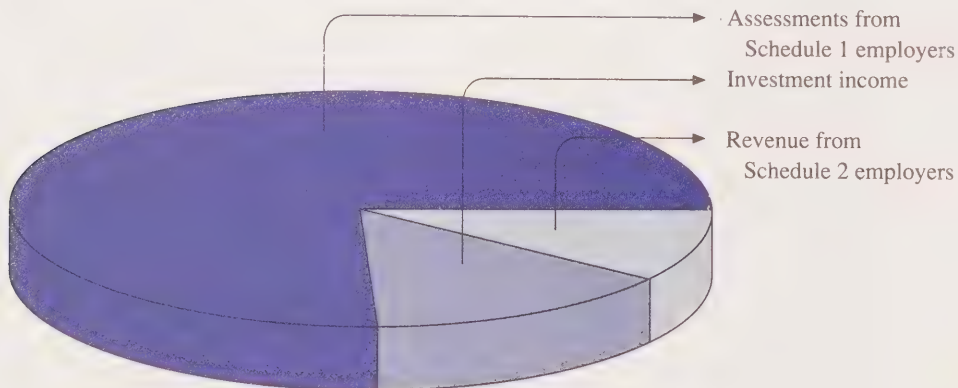
	1991	1990	% Change
Schedule 1	\$ 2,242	\$ 2,373	(5.5%)
Self-insurers	263	223	17.9%
	<u>\$ 2,505</u>	<u>\$ 2,596</u>	(3.5%)

The reduction in 1991 of Schedule 1 assessment revenue is a result of the decline of employment in Ontario as well as the change in the mix of assessable payrolls. During 1991, employment levels declined to a greater extent in manufacturing, construction and natural resource sectors (primary industries), than in other sectors. These primary industries represent the higher assessment rate groups and contribute approximately 75% of the assessment revenue.

## Revenues and Expenses

The two charts following show principal sources of revenue and where that money is spent (with 1990 comparative figures):

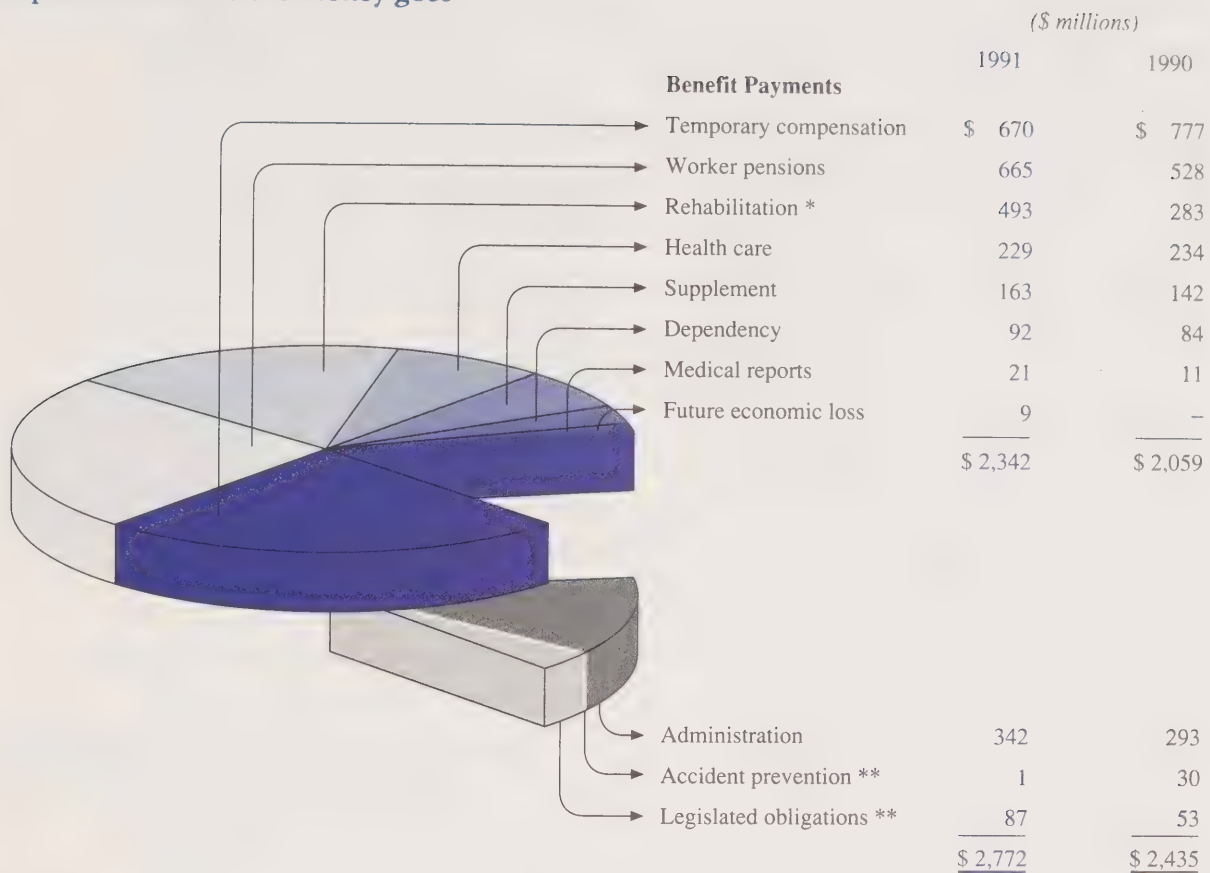
### Revenue – Where the money comes from



(\$ millions)

	1991	1990
Assessments from Schedule 1 employers	\$ 2,242	\$ 2,373
Investment income	450	440
Revenue from Schedule 2 employers	263	223
	<u>\$ 2,955</u>	<u>\$ 3,036</u>

## Expenses – Where the money goes



\* The increase of \$209 million in rehabilitation benefits in 1991, reflects the full year impact of the WCB Vocational Rehabilitation strategy. This strategy, which came into effect in 1990, promotes a more intensive approach to vocational rehabilitation with earlier intervention.

\*\* Due to the changes in legislation, certain 1991 expenses for accident prevention are now classified as legislated obligations (for full explanation see note 7 to the financial statements).

## Benefits

Benefits expense consists of the following:

(\$ millions)

	1991	1990	% Change
<b>Benefits paid</b>			
Schedule 1	\$ 2,113	\$ 1,865	13.3%
Self-insurers	<u>229</u>	<u>194</u>	18.0%
	2,342	2,059	13.7%
<b>Net increase in benefits liability</b>			
Schedule 1	1,440	1,220	18.0%
Transfers to Injured Workers' Retirement Fund	<u>2</u>	<u>—</u>	—
<b>Total benefits expense</b>	<u>\$ 3,784</u>	<u>\$ 3,279</u>	15.4%

The increase in benefits expense in 1991 was due to a number of factors, including an increase in the number of workers involved in Board-sponsored vocational rehabilitation programs, increased lost-time injuries in prior years now impacting pension payments, the impact of a change in actuarial assumptions resulting from twelve months experience in the administration of Bill 162 and the legislated inflationary increase in benefit payments.

The net increase in benefits liability includes the cost of future payments of claims incurred in 1991 less payments in 1991.

## Injured Workers' Retirement Fund

Section 44 (previously 45b) of the *Act* provides that the WCB set aside in a separate fund an additional 10% of benefits paid under section 43 (previously 45a). The rules for investment of the money in the fund is in accordance with the provisions of the *Pension Benefits Act*. From this separate fund, payments to workers will be made when their benefits under section 43 cease at age 65. With the commencement of section 43 awards in 1991, \$2 million was set aside in this fund for the first time.



## Administrative and Other Expenses and Legislated Obligations

(\$ millions)

	1991	1990	% Change
<b>Administrative and other</b>			
Schedule 1	\$ 309	\$ 294	5.1%
Self-insurers	34	29	17.2%
	<u>343</u>	<u>323</u>	6.2%
<b>Legislated obligations</b>	87	53	64.2%
<b>Total expenses</b>	<u>\$ 430</u>	<u>\$ 376</u>	14.4%

Administrative and other expenses at \$343 million have increased by \$20 million or 6.2%. This increase relates to costs associated with service delivery improvements and was partially offset by costs (\$29 million) associated with Bill 208, which are now shown as legislated obligations.

## Financial Position

(\$ millions)

	1991	1990	% Change
<b>Assets</b>			
Cash and cash equivalents	\$ 202	\$ 277	(27.1%)
Assessments receivable	443	479	(7.5%)
Investments	5,674	5,436	4.4%
Fixed and other assets	96	82	17.1%
	<u>\$ 6,415</u>	<u>\$ 6,274</u>	2.2%
<b>Liabilities</b>			
Accounts payable, accrued charges and deposits	\$ 320	\$ 362	(11.6%)
Injured Workers' Retirement Fund	2	—	—
Benefits liability	16,440	15,000	9.6%
	<u>\$ 16,762</u>	<u>\$ 15,362</u>	9.1%

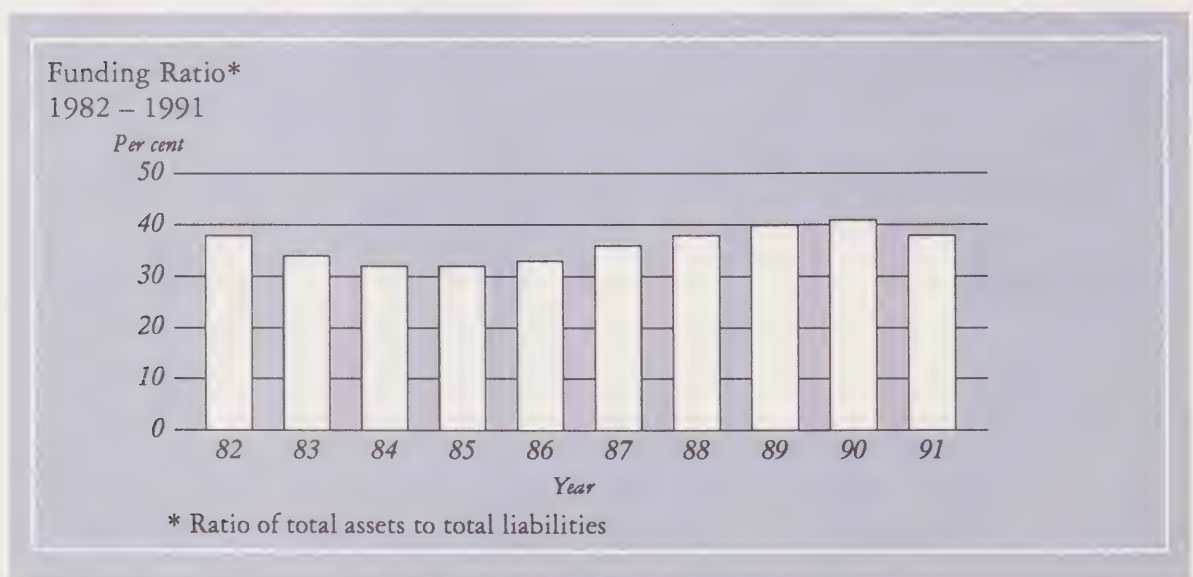
At the end of 1991, total assets were \$6,415 million and total liabilities were \$16,762 million. Total assets experienced only a modest growth from 1990 of \$141 million or 2.2%, while total liabilities grew by \$1,400 million or 9.1%. The faster rate of liability growth, which resulted in the decline of the funding ratio, was due to the following:

- The negative impact of the recession on assessable payroll reduced Schedule 1 assessment revenue by \$131 million;
- \$200 million of 1991 investment income used in operations instead of being reinvested into assets; and
- The increase in benefits expense.

(\$ millions)

	1991	1990	% Change
Benefits liability, beginning of year	\$ 15,000	\$ 13,780	8.9%
Less benefits paid during the year	2,342	2,059	13.7%
	<u>12,658</u>	<u>11,721</u>	8.0%
Benefits liability required at year end, based on claim evaluations and actuarial determinations	16,440	15,000	9.6%
	<u>3,782</u>	<u>3,279</u>	15.3%
Transfers to Injured Workers' Retirement Fund	2	—	—
Benefits expense for the year	<u>\$ 3,784</u>	<u>\$ 3,279</u>	15.4%

The WCB funding ratio (total assets to total liabilities) declined in 1991 to 38.3% from 40.8% in 1990.



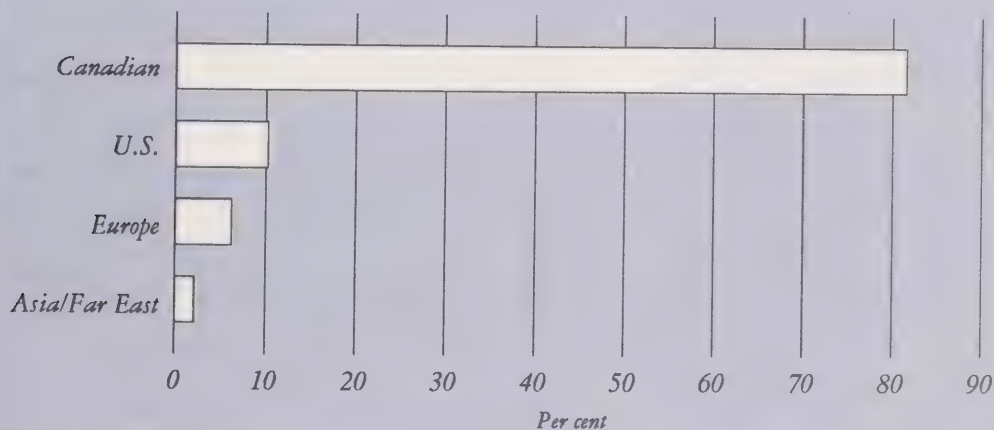
Benefit payments and administrative expenses of the WCB are paid out of assessments collected from Ontario employers. The cash surplus remaining after these payments have been made, is invested through the Investment Fund. The Investment Fund is necessary to meet future obligations of the WCB.

To minimize the effect of short-term market fluctuations, the WCB adjusts the carrying value of investments towards market over a number of years. At the end of 1991, the carrying value of investments on the balance sheet was \$5,674 million (\$5,436 in 1990) as compared to a market value of \$6,059 million (\$5,311 in 1990). The market value of the WCB Investment Fund at \$6,059 million grew by \$748 million in 1991, despite the transfer of \$200 million to the Board's operations.

The Investment Fund's performance was strong in 1991, achieving a rate of return of 18.2%. In each of the past four years, the Fund's performance has exceeded its objective of a 3% return above the rate of inflation. During this period, the actual return above the rate of inflation was 6.5%.

The geographical distribution and the asset mix at market value of investments as at December 31, 1991 were as follows:

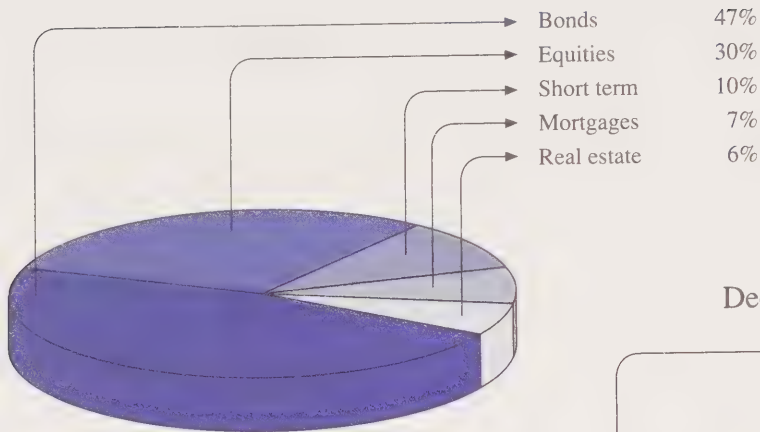
Geographical Distribution of Investments



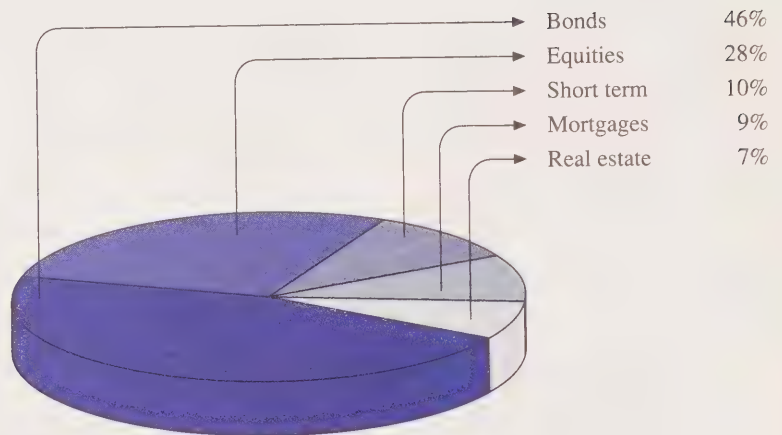


## Investment Fund Composition

December 31, 1991



December 31, 1990



### Cash Flow

During 1991, WCB operations generated a positive cash flow of \$39 million as compared to \$548 million in 1990. The impact of the recession on assessment receipts and increased benefit payments were the major contributors to the decline in operational cash from that of 1990.

In 1991, \$200 million of investment income which would normally have formed part of the Investment Fund was used in operations. The shortfall in cash was due to the continuation of the recession which began in 1990.

# Balance Sheet

## WORKERS' COMPENSATION BOARD

### Balance Sheet

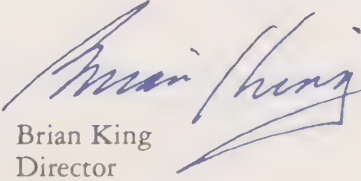
December 31, 1991

(\$ millions)

	1991	1990
<b>Assets</b>		
Cash and cash equivalents (note 2)	\$ 202	\$ 277
Assessments receivable	443	479
Investments (notes 2 and 3)	5,674	5,436
Other assets	49	38
Fixed assets (notes 2 and 4)	47	44
	<u>\$ 6,415</u>	<u>\$ 6,274</u>
<b>Liabilities</b>		
Accounts payable and accrued charges	\$ 277	\$ 329
Benefits liability, estimated		
to be payable within one year (note 2)	1,680	1,500
Deposits (note 10)	43	33
	<u>2,000</u>	<u>1,862</u>
Injured Workers' Retirement Fund (note 5)	2	—
Benefits liability, estimated		
to be payable beyond one year (note 2)	14,760	13,500
	<u>16,762</u>	<u>15,362</u>
<b>Unfunded Liability</b>	<u>(10,347)</u>	<u>(9,088)</u>
	<u>\$ 6,415</u>	<u>\$ 6,274</u>

On behalf of the board of directors:

  
Odoardo Di Santo  
Director

  
Brian King  
Director

The accompanying notes form an integral part of the financial statements.

# Statements of Revenues and Expenses and Unfunded Liability

## WORKERS' COMPENSATION BOARD

### Statements of Revenues and Expenses and Unfunded Liability

For the Year Ended December 31, 1991

(\$ millions)

	1991	1990
<b>Revenues</b>		
Assessment ( <i>note 2</i> )	\$ 2,505	\$ 2,596
Investment ( <i>notes 2 and 3</i> )	<u>450</u>	<u>440</u>
	<u>2,955</u>	<u>3,036</u>
<b>Expenses</b>		
Benefits paid ( <i>note 5</i> )	2,342	2,059
Net increase in benefits liability	1,440	1,220
Transfers to Injured Workers' Retirement Fund ( <i>note 5</i> )	<u>2</u>	<u>—</u>
Benefits expense	3,784	3,279
Administrative and other ( <i>note 6</i> )	343	323
Legislated obligations ( <i>note 7</i> )	<u>87</u>	<u>53</u>
	<u>4,214</u>	<u>3,655</u>
<b>Excess of Expenses Over Revenues</b>	1,259	619
<b>Unfunded Liability, beginning of year</b>	9,088	8,469
<b>Unfunded Liability, end of year</b>	<u>\$ 10,347</u>	<u>\$ 9,088</u>

The accompanying notes form an integral part of the financial statements.



# Statement of Cash Flows

## WORKERS' COMPENSATION BOARD

### Statement of Cash Flows

For the Year Ended December 31, 1991

(\$ millions)

#### Cash Flows from Operating Activities

	1991	1990
Assessment receipts	\$ 2,541	\$ 2,621
Benefits paid	(2,342)	(2,059)
Administrative, legislated obligations and other expenses paid	(453)	(349)
Investment income received	293	335
Cash provided by operating activities	<u>39</u>	<u>548</u>

#### Cash Flows from Investing Activities

Purchases of long-term investments	(1,148)	(1,865)
Proceeds from sales and maturities of long-term investments	1,134	1,364
Purchases of short-term investments, net	(82)	(199)
Purchases of fixed assets	(18)	(17)
Cash used for investing activities	<u>(114)</u>	<u>(717)</u>
Decrease in cash and cash equivalents during the year	(75)	(169)
Cash and Cash Equivalents, beginning of year	<u>277</u>	<u>446</u>
Cash and Cash Equivalents, end of year	<u>\$ 202</u>	<u>\$ 277</u>

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

December 31, 1991

(\$ millions)

## 1. Nature of operations

The Workers' Compensation Board (the WCB) is a Crown Agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*), R.S.O. 1990.

The WCB administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the WCB's Accident Fund. Schedule 2 relates to employers who are "self-insured", in that they are individually liable. The same applies to the federal government, which is covered under a separate agreement with Labour Canada. The WCB pays the actual cost of claims for workers of self-insurers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims.

The WCB does not receive government funding or other assistance and raises funds through assessments on the payrolls of employers covered under the *Act* in order to provide compensation to workers of those employers who are injured in the course of employment or who contract an occupational disease.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The financial statements consolidate the activities of the Accident Fund, of self-insurers, and of the Injured Workers' Retirement Fund. The significant accounting policies are summarized as follows:

### Cash and cash equivalents

Cash and cash equivalents are operating funds consisting of cash with banks and deposits having maturities within three months of the date of purchase.

### Investments

#### a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

#### b) Equities

Equities are carried at cost adjusted towards market value, using a moving average market method based on five years. Realized gains and losses are deferred and amortized over a five-year period.

*c) Real estate*

Real estate is carried at cost adjusted towards market value, using a moving average market method based on 10 years. Realized gains and losses are deferred and amortized over a 10-year period.

*d) Short-term securities*

Short-term securities consist of money market instruments with maturities of less than 12 months from the date of purchase and are carried at amortized cost. Gains and losses from sales are included in income in the year they occur.

*e) Foreign currency translation*

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

**Fixed assets and depreciation**

Fixed assets are stated at cost. Fixed assets, excluding land, are depreciated using the straight-line method at rates calculated to expense the cost of assets over the estimated useful lives.

**Assessment revenue**

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Act*, adjusted for claim experience, where relevant. Future adjustments, if any, will be reflected in future accounting periods when such adjustments become known.

Included in assessment revenue are reimbursements by self-insurers for claims paid, as well as the cost of administering the claims.

**Benefits liability**

Benefits liability is based on the level and nature of entitlements and actuarial determinations. Estimates for reported and unreported claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgemental factors are included in the determination of unpaid claims, particularly those relating to Bill 162, management believes the amounts provided for unpaid claims are adequate. Adjustments, if any, resulting from continuous review of entitlements and actuarial evaluations will be recorded in future accounting periods when such adjustments become known. Benefits liability has been discounted to present value, using a real interest rate of 3 per cent.



Benefits liability does not include any provision for payment of claims relating to self-insurers, as it is a liability of the self-insurers.

As in prior years, provision has not been made for future administration costs of existing claims, arising in whole or in part, from employment prior to December 31, 1991, as they cannot be reasonably estimated. Similarly, provision has not been made for the cost of claims for occupational/industrial diseases, or for the cost of existing claims for diseases and injuries that are not currently considered to be work related that may in the future be considered to be work related.

#### Leases

Leases are classified as either capital or operating. Capital leases are recorded as the acquisition of an asset and the incurrence of an obligation. The asset is depreciated over its useful life and the obligation is amortized over the lease term. Operating lease payments and rental costs are charged to expenses as incurred.

### 3. Investments and investment revenue

	1991		1990	
	Carrying Value	Market Value	Carrying Value	Market Value
<b>Fixed Income Securities</b>				
Bonds				
– Government	\$ 207	\$ 222	\$ 224	\$ 218
– Corporate	1,224	1,278	1,237	1,198
Coupons	1,166	1,321	1,034	1,020
Mortgages	437	459	514	506
	<u>3,034</u>	<u>3,280</u>	<u>3,009</u>	<u>2,942</u>
<b>Equities</b>				
Common shares				
Domestic	779	799	765	723
Foreign – U.S.	391	501	316	330
– Global	615	618	616	555
Real estate	340	346	325	356
	<u>2,125</u>	<u>2,264</u>	<u>2,022</u>	<u>1,964</u>
<b>Short-term Securities</b>				
Money market instruments	457	457	347	347
Accrued investment income	58	58	58	58
	<u>\$ 5,674</u>	<u>\$ 6,059</u>	<u>\$ 5,436</u>	<u>\$ 5,311</u>

The WCB engages in a securities lending program whereby investments are loaned to borrowers, approved by the investment fund's custodian, for a fee, against high quality collateral. At December 31, 1991, the market value of securities on loan is \$273 million (1990: \$114 million).

Revenue by category of investment is as follows:

	1991	1990
Bonds	\$ 151	\$ 163
Coupons	118	98
Mortgages	52	55
Common shares	71	47
Real estate	19	29
Money market instruments	46	54
	<u>457</u>	<u>446</u>
Less: Investment expenses	7	6
	<u>\$ 450</u>	<u>\$ 440</u>

#### 4. Fixed assets

	1991		1990	Depreciation Rates %
	Cost	Net Book Value	Net Book Value	
Land	\$ 7	\$ 7	\$ 7	—
Buildings	11	3	3	2½
Leasehold improvements	6	1	2	10
Equipment	80	35	31	20
Motor vehicles	2	1	1	25
	<u>\$ 106</u>	<u>\$ 47</u>	<u>\$ 44</u>	

## 5. Benefits paid

Benefits paid consist of the following:

	Schedule 1		Self-insurers	
	1991	1990	1991	1990
Temporary compensation	\$ 594	\$ 696	\$ 76	\$ 81
Worker pensions	597	475	68	53
Rehabilitation	456	264	37	19
Health care	206	214	23	20
Supplement	151	131	12	11
Dependency	82	75	10	9
Medical reports	19	10	2	1
Future economic loss	8	—	1	—
	<u>\$ 2,113</u>	<u>\$ 1,865</u>	<u>\$ 229</u>	<u>\$ 194</u>

Under section 44 of the *Act*, the WCB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of the *Act* for the purpose of providing a retirement pension. For the first time, in 1991, \$2 million was set aside relating to payments made to injured workers under section 43 of the *Act*. In accordance with the provisions of the *Act*, these funds are segregated from the WCB's Accident Fund and are invested to provide for future pension payments (note 10).

## 6. Administrative and other expenses

Administrative and other expenses consist of the following:

	1991	1990
Salaries and employee benefits	\$ 255	\$ 214
Equipment maintenance and depreciation	26	24
Occupancy	18	18
Communication	15	15
Supplies and services	13	10
Miscellaneous	10	8
Travel and vehicle maintenance	5	4
	<u>342</u>	<u>293</u>
Accident prevention (note 7)	1	30
	<u>\$ 343</u>	<u>\$ 323</u>



## 7. Related party transactions

### Legislated obligations

The WCB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The WCB is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Industrial Disease Standards Panel, the Workplace Health and Safety Agency (WHSA) and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour and, in certain instances, the WCB is directed by the Lieutenant Governor through Orders in Council to make these payments. The total amount of funding provided under these legislated obligations in 1991 was \$87 million (1990 – \$53 million).

On August 15, 1990, legislation to amend the *Occupational Health and Safety Act* was proclaimed, establishing the WHSA, which succeeded the Occupational Health and Safety Education Authority, to oversee the provincial safety associations (except the Farm Safety Association), and the Workers' Health and Safety Centre of the Ontario Federation of Labour.

The WCB is required to provide funding of \$60 million (1991: \$53 million) to the WHSA for the 1992 calendar year, of which \$53 million was paid on January 2, 1992 and the balance on February 28, 1992.

### Accident Prevention

In 1991, accident prevention expenses related to the Farm Safety Association were \$1 million. In 1990, accident prevention expenses which included funding for all provincial safety associations up to August 15, 1990 were \$30 million. These expenses are included in administrative and other expenses (note 6).

### Ontario Workers' Compensation Institute

The WCB also provides funding for the Ontario Workers' Compensation Institute (OWCI). The funding provided in 1991 was \$3 million (1990: \$1.5 million). These expenses are included in administrative and other expenses.

### Other

In addition to the legislated obligations, accident prevention expenses and funding for OWCI referred to above, the financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices, with various Ontario Government-controlled Ministries, Agencies, and Crown Corporations with which the WCB may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

## 8. Commitments and contingencies

### *a) Leases*

At December 31, 1991, the WCB was committed under non-cancellable leases requiring future minimum payments as follows:

1992	\$ 14
1993	9
1994	6
1995	2
1996	1
Beyond five years	<u>1</u>
	<u>\$ 33</u>

At December 31, 1990, total future minimum payments were \$46 million.

The original long-term lease for the premises occupied by WCB's head office expires in 1994. The WCB is currently negotiating for alternate premises for its head office.

### *b) Investment commitments*

At December 31, 1991, outstanding investment commitments amount to \$9 million (1990 - \$31 million), primarily consisting of commitments to future mortgage advances.

### *c) Legal actions*

The WCB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material adverse effect on the WCB.

## 9. Pension plan

The WCB has a contributory defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WCB.

An independent actuarial valuation performed as of December 31, 1991 has determined that the pension plan is in a surplus position. As at December 31, 1991, the Plan's funded status was as follows:

	1991	1990
Pension assets	\$ 444	\$ 384
Accrued pension obligations	\$ 332	\$ 297

Effective January 1, 1992, the pension plan was amended to provide for partial indexing of pension benefits to provide members inflation protection. The accrued pension obligations after the partial indexing on January 1, 1992 is \$412 million.

## 10. Segmented financial information

Operating results and net assets (liabilities) of Schedule 1, self-insurers and of the retirement fund established in accordance with section 44 of the *Act*, included in the 1991 financial statements are as follows:

	Schedule 1	Self- insurers	Retirement Fund	Total
<b>Operating results:</b>				
Assessment revenue ( <i>note 2</i> )	\$ 2,242	\$ 263	\$ —	\$ 2,505
Net investment revenue	450	—	—	450
Benefits paid	(2,113)	(229)	—	(2,342)
Transfers to Injured Workers'				
Retirement Fund ( <i>note 5</i> )	(2)	—	2	—
Net increase in benefits liability	(1,440)	—	—	(1,440)
Increase in Injured Workers'				
Retirement Fund ( <i>note 5</i> )	—	—	(2)	(2)
Administrative, legislated obligations and other expenses	(396)	(34)	—	(430)
Excess of expenses over revenues	<u>\$ (1,259)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (1,259)</u>

	Schedule 1	Self- insurers	Retirement Fund	Total
<b>Net assets (liabilities):</b>				
Cash and investments	\$ 5,849	\$ 25	\$ 2	\$ 5,876
Benefits liability ( <i>note 2</i> )	(16,440)	—	—	(16,440)
Injured Workers' Retirement Fund ( <i>note 5</i> )	—	—	(2)	(2)
Deposits	—	(43)	—	(43)
Other net assets	244	18	—	262
Unfunded liability	<u>\$(10,347)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$(10,347)</u>

## 11. Comparative figures

Certain re-classifications have been made to the prior year financial statements to conform to the current year's presentation.



# Responsibility For Financial Reporting


The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report conforms to these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The board of directors has established an Audit Committee, comprising three directors who are not officers or employees of the Board, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, the internal auditors and the external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the Board's internal controls, practices and procedures.

The external auditors, Arthur Andersen & Co., working on behalf and under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the Board in accordance with generally accepted auditing standards and, accordingly, included an evaluation of the Board's systems of internal control. The Provincial Auditor's Report outlines the scope of this independent audit and his opinion on the financial statements of the Board.

The firm of Eckler Partners Ltd. has been appointed as the independent consulting actuaries to the Board for year-end 1991. Their opinion on the adequacy and appropriateness of the valuation of the Board's actuarial liabilities, and on the proper provision for these costs, is presented as a part of these financial statements.



Brian King  
Vice-Chair of Administration



Glenn W. Cooper  
Executive Director,  
Finance and Chief Financial Officer

April 6, 1992

# Auditor's Report



## OFFICE OF THE PROVINCIAL AUDITOR BUREAU DU VÉRIFICATEUR PROVINCIAL

Box 105, 15th Floor, 20 Dundas St. West	C.P. 105, 20, rue Dundas ouest, 15 <sup>e</sup> étage
Toronto, Ontario M5G 2C2	Toronto (Ontario) M5G 2C2
(416) 974-9866 Facsimile (416) 324-7012	(416) 974-9866 Télécopieur (416) 324-7012

To the Workers' Compensation Board  
and to the Minister of Labour:

I have audited the balance sheet of the Workers' Compensation Board of Ontario (WCB) as at December 31, 1991 and the statements of revenues and expenses and unfunded liability, and cash flows for the year then ended. These financial statements are the responsibility of the WCB's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature in blue ink that reads "J. F. Otterman".

Toronto, Ontario  
April 6, 1992

J. F. Otterman, F.C.A.  
Assistant Provincial Auditor

# Consulting Actuary's Report

ECKLER PARTNERS

## CONSULTING ACTUARY'S REPORT ON THE VALUATION OF THE ACTUARIAL LIABILITIES OF THE SCHEDULE 1 ACCIDENT FUND OF THE WORKERS' COMPENSATION BOARD OF ONTARIO AS AT DECEMBER 31, 1991

We have determined the estimated present value as at December 31, 1991 of future compensation, rehabilitation and pension payments, health care expenses and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be \$16,440 million. We have examined the data upon which the calculations were based and found it to be sufficient for the purposes of the valuation and consistent with the Board's financial statements. We consulted with the Board's Director of Actuarial Services and management in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to industrial disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43 and of the portions of compensation for future loss of earnings under section 43 and of supplemental pensions under section 147(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe management's estimates in this regard to be reasonable. In determining the present value of future awards of supplemental pensions under section 147(4) of the *Act* we relied upon management's estimate of the number of such awards that will be made after December 31, 1991.

The present value reported above makes provision for estimated payments in all future years arising from accidents that occurred on or before December 31, 1991. The portion of the present value arising from such payments expected to be made in 1992 is approximately \$1,680 million. This amount was determined on the basis of the long-term assumptions appropriate for the determination of the present value. It does not represent a forecast of actual 1992 benefit payments, which will be influenced by short-term factors.



The valuation was based on the provisions of the *Workers' Compensation Act* in effect as of January 1, 1992. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum, on the assumption that investment income in excess of that rate will be required to finance increases in benefits related to inflation.

Except as otherwise noted above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, subject to the foregoing comments, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of \$16,440 million as at December 31, 1991 makes reasonable provision for future compensation, rehabilitation and pension payments, health care expenses and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1991.



David A. Short, F.S.A., F.C.I.A.



M. David R. Brown, F.S.A., F.C.I.A.

Actuaries with the firm of  
Eckler Partners Ltd.

April 6, 1992

# Ten-Year History

## WORKERS' COMPENSATION BOARD

### Ten-Year Summary of the Statements of Revenues and Expenses and Unfunded Liability

(\$ millions)

	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
<b>Revenues</b>										
Assessment	\$ 2,505	\$ 2,596	\$ 2,678	\$ 2,377	\$ 2,092	\$ 1,737	\$ 1,424	\$ 1,160	\$ 882	\$ 781
Investment	450	440	409	316	272	217	186	176	167	170
	<u>2,955</u>	<u>3,036</u>	<u>3,087</u>	<u>2,693</u>	<u>2,364</u>	<u>1,954</u>	<u>1,610</u>	<u>1,336</u>	<u>1,049</u>	<u>951</u>
<b>Expenses</b>										
Benefits paid	2,342	2,059	1,782	1,624	1,463	1,246	1,099	979	860	726
Net increase in benefits liability	1,440	1,220	2,117	1,443	1,096	1,304	2,990	880	640	700
Transfers to Injured Workers' Retirement Fund	2	-	-	-	-	-	-	-	-	-
	<u>3,784</u>	<u>3,279</u>	<u>3,899</u>	<u>3,067</u>	<u>2,559</u>	<u>2,550</u>	<u>4,089</u>	<u>1,859</u>	<u>1,500</u>	<u>1,426</u>
Administrative and other	343	323	281	259	267	214	185	155	140	131
Legislated obligations	87	53	26	26	22	16	7	7	6	6
	<u>4,214</u>	<u>3,655</u>	<u>4,206</u>	<u>3,352</u>	<u>2,848</u>	<u>2,780</u>	<u>4,281</u>	<u>2,021</u>	<u>1,646</u>	<u>1,563</u>
<b>Excess of Expenses over Revenues</b>	(1,259)	(619)	(1,119)	(659)	(484)	(826)	(2,671)	(685)	(597)	(612)
<b>Unfunded Liability, beginning of year</b>	(9,088)	(8,469)	(7,350)	(6,691)	(6,207)	(5,381)	(2,710)	(2,025)	(1,428)	(816)
<b>Unfunded Liability, end of year</b>	<u>(\$10,347)</u>	<u>(\$9,088)</u>	<u>(\$8,469)</u>	<u>(\$7,350)</u>	<u>(\$6,691)</u>	<u>(\$6,207)</u>	<u>(\$5,381)</u>	<u>(\$2,710)</u>	<u>(\$2,025)</u>	<u>(\$1,428)</u>

<b>Other Statistics</b>	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982
Total assessable payroll (\$ millions)	\$73,500	\$80,352	\$79,475	\$73,789	\$67,974	\$61,574	\$57,025	\$48,771	\$42,293	\$40,891
Number of WCB employees as at December 31	5,139	5,138	4,611	4,387	4,211	4,218	3,735	3,378	3,217	N/A
Number of registered claims	409,946	473,407	467,212	489,819	469,681	442,080	426,880	388,845	344,758	349,747

N/A - Not available

# Glossary

**Assessment Rate:** The rate applied to determine the amount of money an employer in Schedule 1 pays the Workers' Compensation Board (WCB). Based on the industry, a firm is assessed a set amount per \$100 of payroll.

## **Benefits:**

### *Temporary Compensation*

These benefits are paid to injured workers to compensate them for temporary loss of earnings due to work-related injuries.

### *Health Care*

This includes payments made to health care professionals, such as physicians and treating agencies, who provide health care treatments to injured workers.

### *Rehabilitation*

- Services to workers for whom no suitable work is available, and who are receiving benefits for *temporary total disability* or *temporary partial disability*. Where appropriate, such workers are participating in a vocational rehabilitation program.
- Income support payments to workers while they are preparing to return to full employment.
- The delivery of vocational rehabilitation services, including training, assessment programs, home modifications and other external costs, through external agencies.

### *Pensions*

Amounts paid to workers who have incurred partial or total permanent disabling injuries.

### *Supplement*

This supplement is paid to permanently partially disabled workers who would likely not benefit from a vocational rehabilitation program – in terms of returning to the workforce.

### *Dependency Awards*

These are payments made to dependants of workers who have died as a result of a work-related injury or disease.

### *Economic Loss*

Future loss of earnings of a worker who has incurred an injury resulting in permanent impairment or temporary disability for 12 continuous months. This is one part of the dual-award system, which came into effect under Bill 162.

### *Non-Economic Loss*

Workers who incur an injury resulting in permanent impairment (accident occurred after January 1, 1990) may receive a monetary benefit for the loss of enjoyment of life. This is the second part of the dual-award system which came into effect under Bill 162.

### *Loss of Retirement Income*

The Board sets aside additional funds equal to 10 per cent of every payment made to the worker under section 43 of the *Act* for the purpose of providing a retirement pension.

**Claims Adjudication:** The process that determines an injured worker's entitlement to benefits under the *Workers' Compensation Act*.



**Claims Adjudicator:** A specially trained employee of the WCB charged with determining a worker's entitlement in a claim, in accordance with the *Act*.

**Community Clinics:** Treating facilities, independent of the WCB, which provide health care services to injured workers with soft tissue injuries.

**CRS:** Claims Registration System. An automated process that speeds up claims registration within the Board and works in conjunction with the Workers' Benefit System (WBS).

**Dual-Award:** The system of compensating permanently impaired workers in two possible ways – for loss of earnings and for loss of enjoyment of life.

**IDSP:** Industrial Disease Standards Panel. An independent body, funded by the WCB, which conducts research on industrial diseases and makes recommendations to the WCB on those diseases that should be compensated.

**Imaging:** The technology which the WCB has adopted that electronically scans documents and displays them on computer screens.

**ISU:** Integrated Service Unit. Injured workers are assigned to a specific ISU based on their employer's postal code. ISUs apply the team approach to decision-making on claims, health care and rehabilitation.

**Medical Rehabilitation:** The strategy of the Board by which early involvement in treating injured workers within, or close to, their own communities promotes more effective treatment. This includes early, active physical therapy in line with experience in sports medicine. If recovery is prolonged, rehabilitation may also include further health care assessments and an evaluation of physical abilities.

**Medical Reports:** Reports from health care providers that are submitted to the WCB for adjudication purposes and that detail injuries received by workers. The WCB pays a fee to the health care provider for each report submitted.

**NEER:** New Experimental Experience Rating. A plan that issues refunds or surcharges to firms in participating rate groups, depending on the firm's accident cost experience. The plan is designed to provide incentives to firms to improve workplace safety.

**OAS:** Old Age Security. Payments to eligible injured workers under federal pension legislation.

**Office of the Employer Adviser:** An office, funded by the WCB, that assists employers in their dealings with the workers' compensation system in Ontario.

**Office of the Worker Adviser:** An office, funded by the WCB, that assists workers in their dealings with the workers' compensation system in Ontario.

**Ontario Workers' Compensation Institute:** Operated by its own independent board of directors, with funding by the WCB, it is designed to conduct research on occupational injuries and rehabilitation. It also develops and monitors quality standards for community clinics and regional evaluation centres.

**REC:** Regional Evaluation Centres. Provide health care assessments for injured workers whose recovery is prolonged and also provide functional abilities evaluations.

**RESET:** Revenue Strategy – Environment for Tomorrow. A revenue-neutral program designed to improve service, revenue collection and reclassify assessment rate groups to reflect more accurately the business activity and common risks, statistical credibility and clarity of distinction among rate groups associated with individual employers.

**Schedules 1 and 2:** Employers in Ontario are categorized as either Schedule 1 or Schedule 2. Schedule 1 employers are required to pay annual assessments, which form the Board's Accident Fund. Compensation and health care for injured workers are paid for out of this Fund and are administered by the Board. The majority of employers in Ontario form Schedule 1. Under Schedule 2, each employer is liable for paying the compensation and health care costs of any worker who suffers an occupational accident or disease. Employers in this category include: municipal, provincial and federal governments, railways, airlines and telephone companies.

**Survivor:** A spouse or dependant of a worker who dies as a result of a workplace injury or disease.

**Unfunded Liability:** The difference between the Board's liabilities and its assets.

**Vocational Rehabilitation:** A program designed to re-establish, as much as possible, an injured worker's pre-accident earnings profile.

**Vocational Rehabilitation Assessment:** Vocational assessments are services performed, or supervised by, a registered psychologist and include reporting on one or all of the following: vocational aptitude, vocational skills, worker characteristics, learning style, vocational interests and pain inventory.

**WBS:** Workers' Benefit System. An automated system that facilitates the payment process to injured workers. The system also provides more timely, on-line information for the management of claims.

**WCAT:** Workers' Compensation Appeals Tribunal. Legislated in 1985, WCAT is the final stage of appeal for a worker or employer who objects to a Board decision. WCAT operates independently of the WCB.

**WHSA:** Workplace Health and Safety Agency. This agency established under Bill 208 assumed the responsibilities of the Occupational Health and Safety Education Authority (OHSEA). The WHSA is responsible for developing and delivering educational and training programs, promoting public awareness of occupational health and safety, funding research, certification of health and safety representatives on joint health and safety committees, and the accreditation of employers. The WHSA is funded by the WCB but operates independently of it under a bipartite labour/management board of directors.

# Workers' Compensation Board Offices

**Head Office**  
2 Bloor Street East  
Toronto, Ontario  
M4W 3C3

## **General Inquiry**

(416) 927-9555

1-800-387-0750

1-800-387-5595

1-800-387-5540

Telephone Device  
for the Deaf (TDD)

1-800-387-0050

## **Toronto Claims Information Centre**

1382 St. Clair Avenue West  
Toronto, Ontario  
M6E 1C6  
(416) 965-8864

## **Integrated Service Units**

**Central Ontario East**  
(416) 927-9227  
1-800-263-8877

**Central Ontario West**  
(416) 927-1840  
1-800-387-0025

**Central Ontario South**  
(416) 927-9537  
1-800-387-0068

**Central Ontario  
Construction**  
(416) 927-9538  
1-800-387-0080

**Toronto North**  
(416) 927-9270  
1-800-387-8607

**Toronto South**  
(416) 927-9539  
1-800-387-0064

**Toronto East**  
(416) 927-8533  
1-800-387-0066

**Toronto West**  
(416) 927-1090  
1-800-387-0062

**Complex Case Unit  
(Injuries)**  
(416) 927-8399  
1-800-465-5538

**Complex Case Unit  
(Diseases)**  
(416) 927-3774  
1-800-465-9646

## **Regional Offices**

**Hamilton**  
(North and South)  
120 King Street West  
Hamilton, Ontario  
L8P 4V2  
(416) 523-1800  
1-800-263-8488

**Ottawa (East and West)**  
360 Albert Street  
Suite 200  
Ottawa, Ontario  
K1R 7X7  
(613) 238-7851  
1-800-267-9601

**Thunder Bay**  
P. O. Box 7000  
410 Memorial Avenue  
Thunder Bay, Ontario  
P7C 5S2  
(807) 343-1710  
1-800-465-3934

**London**  
148 Fullarton Street  
London, Ontario  
N6A 5P3  
(519) 663-2331  
1-800-265-4752

**Sudbury**  
30 Cedar Street  
Sudbury, Ontario  
P3E 1A4  
(705) 675-9301  
1-800-461-3350

**Windsor**  
235 Eugenie Street West  
Windsor, Ontario  
N8X 2X7  
(519) 966-0660  
1-800-265-7380

## **Area Offices**

**Kingston**  
234 Concession Street  
Suite 304  
Kingston, Ontario  
K7K 6W6  
(613) 544-9682  
1-800-267-9461

**North Bay**  
128 McIntyre Street West  
North Bay, Ontario  
P1B 2Y6  
(705) 472-5200  
1-800-461-9521

**St. Catharines**  
Lake-Carlton Plaza  
161 Carlton Street  
Suite 201  
St. Catharines, Ontario  
L2R 1R5  
(416) 687-8622  
1-800-263-2484

**Kitchener/Waterloo**  
151 Frederick Street  
Kitchener, Ontario  
N2H 2M2  
(519) 576-4130  
1-800-265-2570

**Sault Ste. Marie**  
369 Queen Street East  
Suite 101  
Sault Ste. Marie, Ontario  
P6A 1Z4  
(705) 942-3002  
1-800-461-6005

**Timmins**  
Hollinger Court  
100 Waterloo Road  
Timmins, Ontario  
P4N 4X5  
(705) 267-6427  
1-800-461-9856



**Workers'  
Compensation  
Board**

**Commission  
des accidents  
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THE  
WORKERS' COMPENSATION BOARD  
OF ONTARIO

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**ANNUAL REPORT 1992**

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City of Toronto

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*Changing today for a  
better tomorrow*

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*Si vous désirez obtenir un exemplaire du  
Rapport annuel et du Supplément statistique  
1992 en français, veuillez vous adresser à la  
Commission des accidents du travail  
Division des communications et des affaires  
publiques*

*2, rue Bloor Est, 26<sup>e</sup> étage  
Toronto (Ontario)  
M4W 3C3  
(416) 927-3500*

*A Statistical Supplement to the 1992 Annual  
Report is available upon request from the  
Workers' Compensation Board  
Communications and Public Affairs Division*

*2 Bloor Street East, 26th Floor  
Toronto, Ontario  
M4W 3C3  
(416) 927-3500*

2250A (05/93)  
ISSN 0822-2150

Together we're going to work.

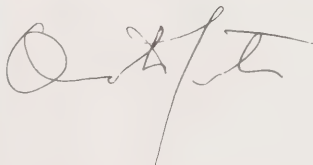
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The Workers' Compensation Board (WCB) is a statutory corporation created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario. The Board provides compensation to workers who sustain injuries arising out of and in the course of employment, or who contract an occupational disease, by raising funds from the province's employers.

Compensation includes payment for loss of wages and loss of enjoyment of life that may result from the injury or disease. There are future economic loss and/or non-economic loss benefits for permanent impairment, payments of health care expenses, a range of vocational and medical rehabilitation services, retraining programs, and survivors' benefits in the case of a fatality. The WCB also sponsors accident prevention activities.

Colonel The Honourable Henry N.R. Jackman, K.St. J., B.A., LL.B., LL.D., C.M.,  
Lieutenant Governor of Ontario

The Workers' Compensation Board is pleased to submit its annual report of operations for 1992.

A handwritten signature in dark ink, appearing to read 'O. Di Santo', with a stylized flourish at the end.

Odoardo Di Santo, Chair



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## Message from the Chair and Vice Chair

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Despite a very challenging Ontario economy, the Workers' Compensation Board made progress on all fronts – operational, financial and in our relationships with stakeholders. A number of strategic innovations in several administrative areas as well as in client services were introduced, some of which have resulted in immediate improvements; others will grow in value to our clients over time. Our commitment to continuous improvement in the quality of our operations and services will be pursued within the confines of an administrative budget that is flat-lined for 1993.

The single most significant event of 1992 was the publication of the *Report of the Chairman's Task Force on Service Delivery and Vocational Rehabilitation*. This report, the product of an ambitious and unprecedented province-wide consultative structure, represents an historical consensus among workers and employers on the essential tasks facing Ontario's workers' compensation system and how they should be addressed. We are very grateful to the Task Force's Steering Committee and seven Regional Advisory Groups, whose remarkable work has led to an *Action Plan* for addressing the report's recommendations – a plan developed by Board staff and adopted by the Board of Directors.



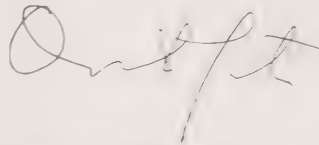
Odoardo Di Santo, Chair and Brian King, Vice Chair of Administration.

Another important initiative of the past year was the decision by the Board of Directors to embark on a comprehensive strategic review. This process, which is being managed by a Strategic Planning Coordinating Committee, is designed to map out the future direction of the Board's fulfilment of its vital role in Ontario's economic life.

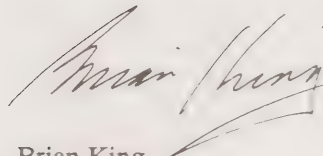
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Finally, perhaps most importantly, 1992 was the year of empowerment of Board staff as full partners in our quest to continuously improve our service delivery and internal efficiencies. Never before have Board staff been so thoroughly consulted and formally involved in the management of change that affects them and the clients they serve. This new approach has resulted in better communication and strengthened relationships among management and staff at all levels of the Board.

We are proud of the way our staff have responded to the many challenges presented to them during the past year. Far from daunting them, these challenges have stimulated their best efforts, their creativity and their sense of common purpose. Because of them we have every reason to be optimistic that our performance will continue to improve in 1993 and that our clients will notice and be satisfied with the results. We would like to thank all employees for their contributions.



Odoardo Di Santo  
Chair



Brian King  
Vice Chair of Administration

# Board of Directors



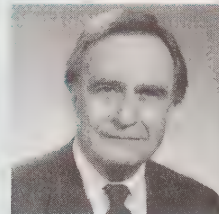
**Odoardo Di Santo**  
Chair



**Brian King**  
Vice Chair of Administration



**James Goodison**  
Vice Chairman  
(Workers)



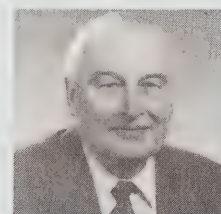
**Robert Stanbury**  
Vice Chairman  
(Employers)



**Maurice Dutrisac**  
Vice-President, Human  
Resources Logistics  
and Administration,  
Inglis Limited



**Joseph Duffy**  
Business Manager and  
Secretary-Treasurer,  
Provincial Building and  
Construction Trades Council  
of Ontario



**Carmer Sweica**  
Manager, Special Projects  
Lackie and Company Limited  
*\*Audit Committee Member*



**Stephen Mantis**  
Injured Workers' Advocate,  
Thunder Bay and District  
Injured Workers' Support Group  
*\*Audit Committee Member*



**Homer Seguin**  
Retired, Area Co-ordinator  
with United Steelworkers  
of America, North  
Eastern Ontario



**Daphne J. FitzGerald**  
Senior Vice-President,  
Personal Insurance,  
Zurich Canada  
*\*Audit Committee Member*



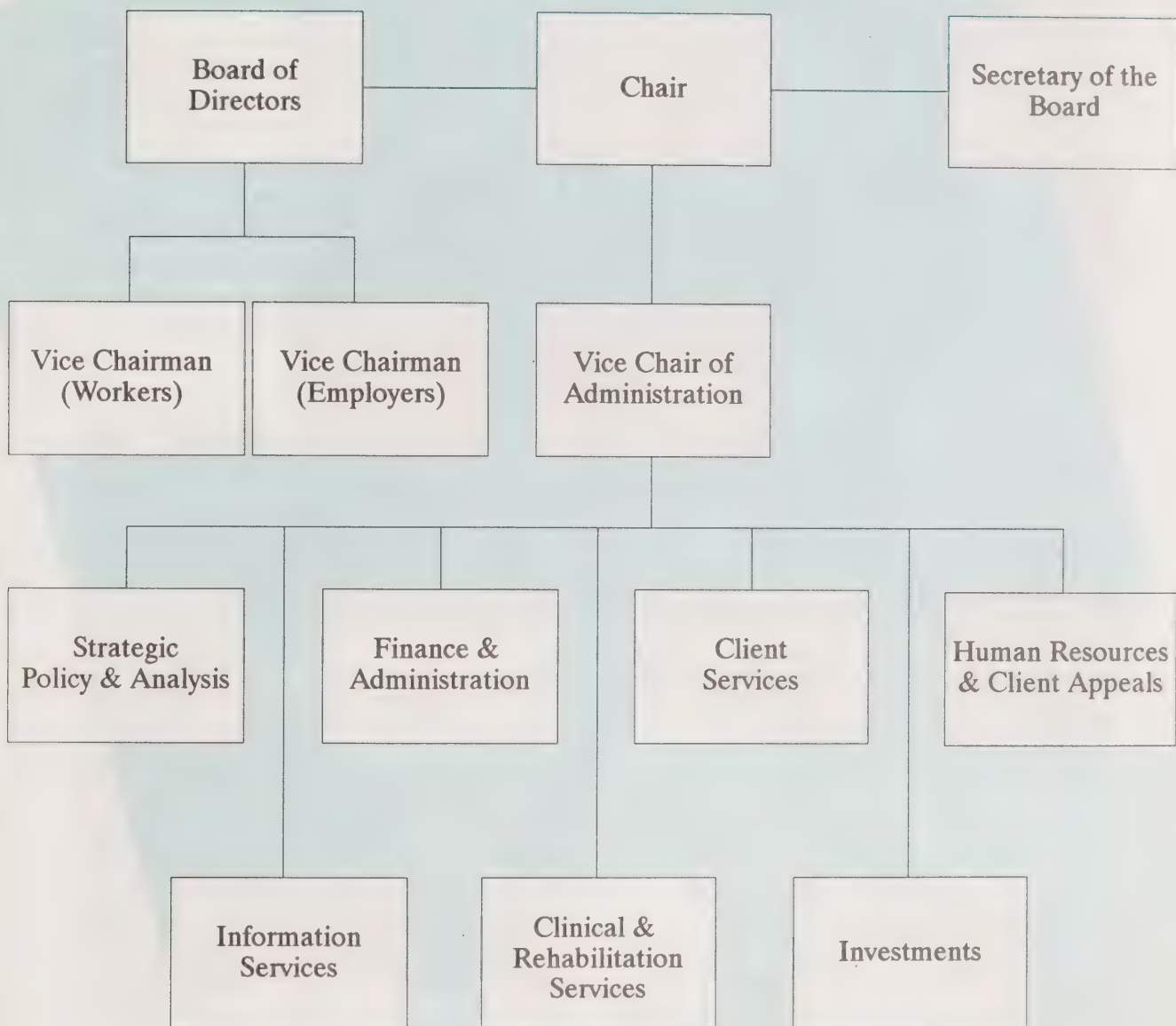
**S. Ronald Ellis**  
Chair, Workers'  
Compensation Appeals  
Tribunal

With the implementation of Bill 101 in 1985, the Workers' Compensation Corporate Board was eliminated and replaced by a part-time external Board of Directors, with a full-time Chair and Vice Chair of Administration. In 1991, the Ontario Government approved two new positions on the Board of Directors – Vice Chairman, (Workers) and Vice Chairman, (Employers), to ensure that more informed, fairer decisions are made. The Board of Directors oversees the development and delivery of compensation policies and programs.



# Organizational Structure

---





## Management Committee

---



L. to R.: Robert Coke, Senior Vice-President, Finance and Administration; Sig Walter, Senior Vice-President, Human Resources and Client Appeals; Sam Van Cleef, Senior Vice-President, Client Services; Brian King, Vice Chair of Administration; Linda Jolley, Senior Vice-President, Strategic Policy and Analysis. Absent: Dr. Barbara Whylie, Chief Medical Officer, Clinical and Rehabilitation Services.

The mandate of the Management Committee is to assist the Vice Chair of Administration with the management of the WCB's day-to-day affairs. The Management Committee also ensures that the overall operational and administrative direction of the WCB is compatible with corporate policies.

# Changing Today...

---

## 1992 Highlights

Nineteen ninety-two was a year in which widespread change began that will affect most stakeholders of the Ontario Workers' Compensation Board. The change was driven by major occurrences that took place.

The WCB began an ambitious *Action Plan* that had two broad points of focus:

- Change the Board's business and service delivery practices to improve the system in its current form.

- Look at possible changes to the system itself to make it more responsive to the needs of individual workers and employers.

The Board of Directors started a *Strategic Planning* process in which it committed to examining the WCB and its longer-term prospects and opportunities.

The WCB, through the *Action Plan*, committed itself to work with the staff and external stakeholders to improve the system and make it more responsive.



Producing effective, easy to understand written communications is the goal of Action Plan Team 11. Here team members (L. to R.) Leslie Helston, Communications Branch, Strategic Policy and Analysis; Mark Roza, Employer Registration and Assessment Branch, Finance and Administration; and Elizabeth Braun, Legal Branch, Strategic Policy and Analysis, discuss ways to establish a plain language approach for all information produced by the Workers' Compensation Board.

---

## The Task Force Report

The WCB's *Action Plan* was a direct response to the recommendations contained in the *Report of the Chairman's Task Force on Service Delivery and Vocational Rehabilitation*. The Chair, Odoardo Di Santo, announced formation of the Task Force in November 1991, to identify and prioritize service delivery and vocational rehabilitation issues of concern to the Board's various client groups, as well as propose cost-effective solutions to existing problems. The report was presented to the Board of Directors in July 1992.

The message from the Task Force was that if the WCB is isolated from the clients it serves, it will fail in its mission. Accordingly, the Board must engage its stakeholders in an ongoing dialogue about issues and problems and ensure that the full efforts of the Board meet the needs of stakeholders in all areas of the Board's operations.

The report represented an historic consensus between worker and employer delegates who were equally represented on the Task Force. The report listed numerous major service delivery and vocational rehabilitation issues that must be addressed by the Board.

## The Action Plan

The WCB administration identified five fundamental themes from the list of recommendations the Task Force proposed:

- Introducing new initiatives in vocational rehabilitation and case management;
- Creating partnerships with stakeholders;
- Developing a new corporate culture;
- Looking to the future; and
- Developing the internal partnership.

The *Action Plan* is based on these themes. It articulates goals, objectives and performance measures needed to achieve each recommendation. The *Action Plan* establishes specific timeframes and embodies new directions that management and staff agree are required to effectively reform the workers' compensation system in Ontario. It was approved by the Board of Directors in November for immediate implementation.



The Board's staff are of vital importance to the process. They will be actively involved in implementing the *Action Plan*. In early 1993 the Board will create project teams, made up of elected non-bargaining unit staff and bargaining unit staff appointed by CUPE Local 1750 from a list of volunteers, that will develop detailed plans to meet the requirements of the various objectives.

### Strategic Planning

In June 1992, the Board of Directors also announced a *Strategic Planning* process to guide the Board's direction in the longer term.

The two processes, *Strategic Planning* and the *Action Plan*, are complementary – *Strategic Planning* focuses on setting the longer-term

direction of the Board while the *Action Plan* begins operational improvements immediately.

### Vocational Rehabilitation Efforts Emphasized

One of the major issues facing the Board is that of vocational rehabilitation. Improved vocational rehabilitation and re-employment efforts are recognized as the most effective way to return injured workers to meaningful employment and ensure a viable system. As workers receive improved rehabilitation services and return to work sooner, compensation costs will decline.

In April, the Re-employment Hearings Branch took on the responsibility for “fast-tracking” vocational rehabilitation objections from workers.



Medical rehabilitation is an important part of an injured worker's recovery program prior to re-employment.

Assessing an injured worker's range of motion is just one of the many tests carried out by therapists in the 103 community clinics associated with the Workers' Compensation Board.



## Medical Rehabilitation

The Board increased its non-economic loss (NEL) roster of physicians from 310 in December 1991 to 610 in December 1992. This resulted in services that were faster and closer to home for injured workers.

As well, the number of workers tested or treated at 103 community clinics (CC) and 24 regional evaluation centres (REC) again increased, from 37,000 in 1991 to 39,000 in 1992.

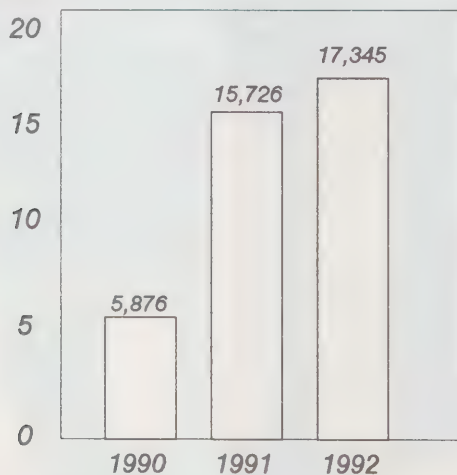
The Ontario Workers' Compensation Institute (OWCI) reviewed the CCs for

accreditation in 1992. Established by the WCB, this independent institute also conducts research on the treatment of occupational injuries and educates health care professionals. The WCB also did its own contract renewal reviews with the accredited clinics. A total of 92 clinics received one or two-year contract awards during the year from the WCB.

By the end of 1992 the Ontario Workers' Compensation Institute also began pilot testing an accreditation process for regional evaluation centres.

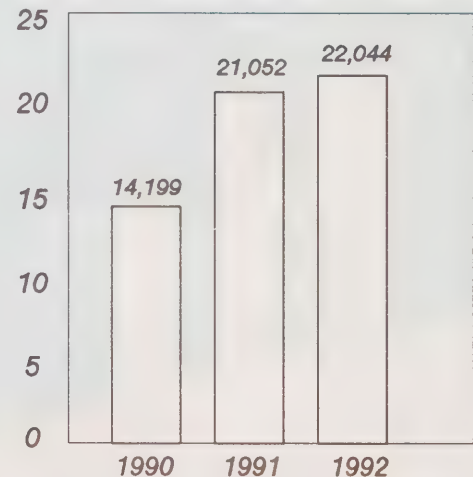
## Workers Evaluated at RECs

(thousands)



## Total Workers Treated at CCs

(thousands)



---

## **Requirements to Fund a Viable System**

The Board started the process of developing a long-term funding strategy with employer and worker input. The strategy aims at reducing the unfunded liability which is about \$11 billion, without unacceptably high increases in assessment rates for employers.

In February, a discussion paper suggesting funding alternatives to the normal rate-setting process and outlining several current initiatives to make the workers' compensation system more financially sound, was sent to employers and worker groups. The Board held a total of 21 consultation meetings with stakeholders and received more than 80 written submissions on the subject.

The submissions formed the basis of a consultation report presented to the Board of Directors in July 1992. The Board decided to retain the current strategy for 1993 rates.

## **New Classification Scheme**

A new classification scheme, refined and approved during 1992, created 219 rate groups for employers compared to the previous 108. The expansion ensures a closer relationship than in the past between each industry's assessment rate, its business activities and its underlying injury risk. The WCB, in consultation with employer and worker groups, has developed transition rules to cushion the immediate effect of rate changes, which will begin in January 1993.

## **More Efficient Operations**

The Board is attempting to achieve cost savings through better rehabilitation efforts, better claims management, increased emphasis on accident prevention and constraint in the use of resources.

During 1992, the Board continued its efforts to become more efficient through the following actions:

- Hiring was strictly controlled;
- Operational budgets were frozen at the 1991 level; and
- Beginning in February, the WCB centralized the decision review process, through which injured workers or employers can appeal WCB decisions, in order to provide stakeholders with improved service delivery.

With the innovative approaches now being adopted, the service delivery goals of the Decision Review Branch are expected to be met early in 1993.

---

## **Fraud Strategy Developed**

During 1992, several frauds were uncovered. In addition, a report commissioned by the Board found a limited ability to respond to fraud effectively. Consequently, the Board began a comprehensive review of fraud control.

Internal controls were increased to prevent and detect fraud. A seven-member Fraud Investigations Unit was created in May. In November, Management Committee approved a one-year trial project, beginning in 1993, specifically designed to pursue the increasing number of alleged frauds that had been reported. All divisions worked on a fraud strategy throughout the year which focused on prevention, detection, investigation and recovery.

## **Head Office Move Announced**

In October, the Board announced that it would be moving its head office operations to a new site in Toronto. The current site no longer meets the Board's demanding elevator, mechanical and electrical requirements, nor accessibility needs for the more than 100,000 injured workers and 10,000 employers who visit head office each year.

Real estate consultants did a comprehensive review of 35 existing and proposed sites. None were considered adequate for the Board's demanding and highly specialized needs. A build/lease arrangement was considered to be the best solution. The move is scheduled for 1995 following construction of the new building.

The WCB expects to benefit from the new facility both as an investor and as a tenant. A long-term, 20-year lease with three 10-year options has been negotiated that will provide the WCB with an attractive net rent. The WCB through its Investment Fund will have a 75 per cent ownership position in the office complex and parking facility. With this arrangement the Board's Investment Fund expects to increase its long-term revenue.

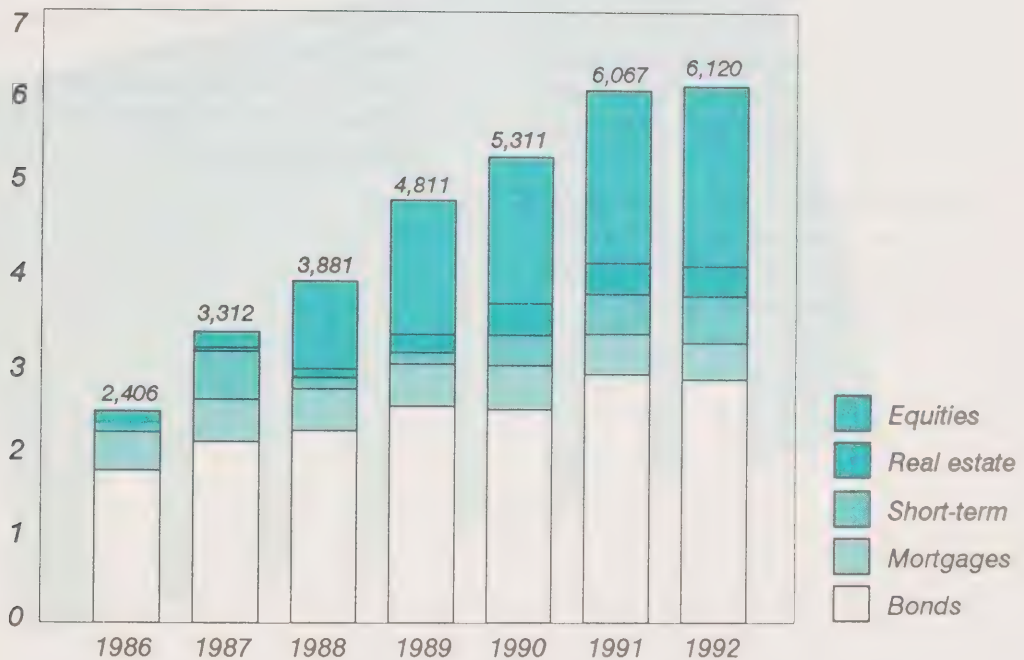
## Investments

The market value of investments which are kept to meet future payments of claims was \$6.1 billion. The long-term investment objective of the Investment Fund is to earn an average yearly return of 3.0 per cent over inflation. A second objective is to compare favourably with the performance of similar funds.

These goals were achieved in 1992 with a 7.8 per cent return. They were also achieved in the latest four-year measurement period. The four-year annualized results were 10.5 per cent. Inflation (CPI) averaged 1.7 per cent in 1992 and 4.0 per cent over the four-year period.

## Investment Assets

(\$ millions)



Market Value



---

## **Service Excellence Through Organizational Renewal**

In May, results of a staff survey of non-bargaining unit employees identified employee concerns about service delivery, corporate culture, relationships with management and communications.

Prior to the survey, the WCB had begun a major review of its human resources function. It created a new position of Senior Vice-President, Human Resources and Client Appeals.

As a result of the review, a new human resources plan for renewal and organizational structure was announced in October. The plan took the staff survey results into account and emphasized the importance the organization placed on human resources as a key to the efficient and effective delivery of improved services to stakeholders.

Increased training, better communications and more direct involvement by all staff in planning are major elements of the renewal program to improve service delivery.

## **Changing Today for a Better Tomorrow**

The initiatives taken by the Workers' Compensation Board during 1992 focused on efforts to overcome the service delivery and vocational rehabilitation difficulties of the past. As comprehensive reviews pointed out, the WCB must use the insight of its staff, clients and other interested parties in the renewal process.

Administration and staff are genuinely committed to making changes that will benefit the clients of the Ontario workers' compensation system. By assertively pursuing the participative problem-solving approach of the *Action Plan*, the system will begin to respond more efficiently and effectively to those it was designed to serve – injured workers and employers of Ontario.





# Financial Report

**Workers' Compensation Board**  
**Year Ended December 31, 1992**

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# Management Discussion and Analysis

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The following discussion and analysis is an integral part of the Annual Report as it can provide further insight into the operating performance and financial position of the Workers' Compensation Board (WCB).

During 1992, the Association of Workers' Compensation Boards of Canada undertook a study with the objectives of making the financial and statistical information of Canadian WCB's consistent, comprehensible, and comparable. The format of the 1992 financial statements has been revised to conform with the recommendations of this study.

## Introduction

The operational and financial results of the WCB are highly influenced by changes in the province's economy.

The number of workplace injuries tend to fluctuate directly with the number of workers employed in "high accident risk" sectors of the economy. Also, the amount of assessment revenue earned by the WCB is a function of the number of people employed in the economy. In addition, the mix in employment between "high assessment rate" and "low assessment rate" sectors of the economy impacts the amount of assessment revenue realized. The liability for future payments on existing claims depends on the level of workers' wages. Economic conditions also affect the WCB Investment Fund's performance.

Although the WCB provides coverage under Schedule 1 of the *Workers' Compensation Act* (the Act) for about 70 per cent of Ontario's employed workforce, the major share of both claims and assessment revenue comes from three sectors: manufacturing, construction and natural resources. Although these industries include a third of the covered workforce, they account for about three-quarters of the WCB's benefit payments and assessment revenue. These sectors have been especially vulnerable to recent economic changes.

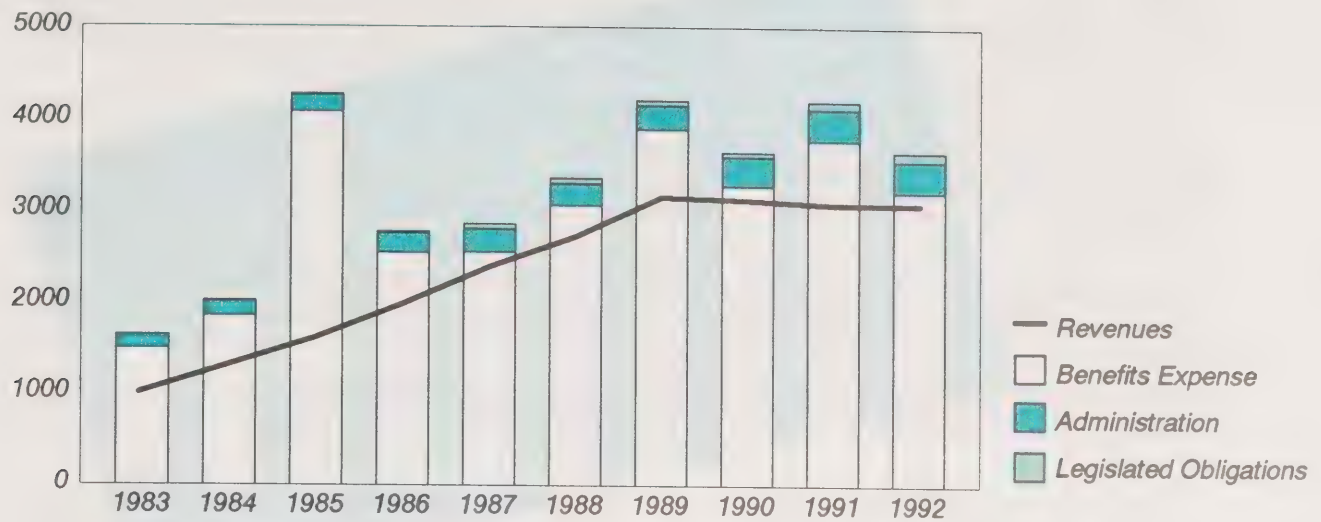
## Operating Results Overview

During 1992, the unfunded liability increased by \$681 million as compared to \$1,259 million in 1991. This reduction was due to lower benefits expense as revenues and administrative expenses remained at the 1991 level. The decline in benefits expense was due to lower inflation and lower claim volumes. These factors result in lower future benefit payments.

In 1992, assets increased by 2.8 per cent to \$6,596 million while liabilities increased by 5.1 per cent to \$17,624 million. The difference of \$11,028 million is the unfunded liability.

## Summary of Operations

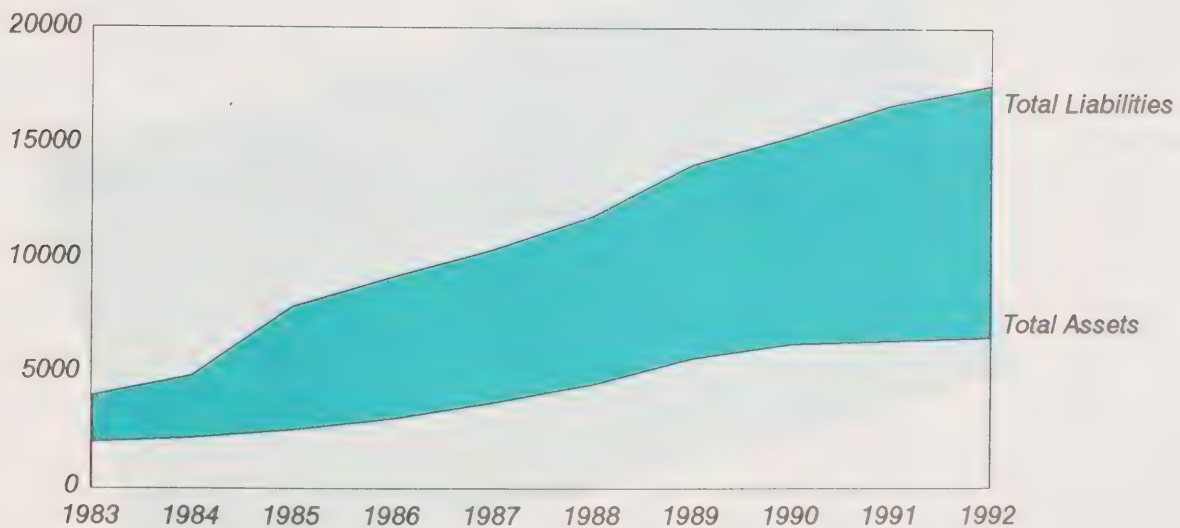
(\$ millions)



NOTE: The deficiency from operations, e.g. the increase in the unfunded liability, is represented by the excess of the bar graph above the revenues line for the past ten years.

## Summary of Assets and Liabilities

(\$ millions)



## Assessments

In 1992, assessment revenues realized from the levies on payrolls of employers under Schedule 1 of the *Act*, as well as reimbursements from self-insurers for claims paid and for costs of administering such claims, amounted to \$2,528 million (compared with \$2,505 million in 1991).

Although the number of active employer accounts registered with the WCB in Schedule 1 diminished in 1992 and the Ontario workforce decreased from the 1991 level, there was a slight increase in assessment revenue when compared to 1991. This increase in assessment revenue was attributed to a 3.1 per cent increase in average wages, as well as an increase in the assessable earnings ceiling, from \$42,000 in 1991 to \$50,800 in 1992 as established by the *Act*. The increase in average wages and in the earnings ceiling both contributed to higher assessable payroll. The increase in assessment revenue due to a higher assessable payroll was partially offset by a planned rate reduction from \$3.20 to \$3.16 per \$100 of assessable payroll.

The planned reduction of \$.04 per \$100 of assessable payroll in the average Schedule 1 assessment rate for 1992 was the first such fall since the long-term funding strategy was implemented in 1984.

The actual assessment rate fell even more than anticipated. The planned average rate represented the weighted average rate for 108 rate groups. As employment declined in the higher rate groups and increased in the lower rate groups, the actual weighted average assessment rate dropped below \$3.00.

Schedule 1 assessment rates are established to fully cover the cost of the current year's claims and overhead expenses, as well as to include a component to contribute towards funding the unfunded liability.

Assessment revenues are summarized below:

(\$ millions)	1992	1991	% Change
<b>Schedule 1</b>			
Current	\$ 1,902	\$ 1,969	(3.4)
Unfunded liability	357	273	30.8
<b>Schedule 2</b>	269	263	2.3
	<u>\$ 2,528</u>	<u>\$ 2,505</u>	.9

## Benefits

The benefits expense represents an estimate of the costs associated with current year's compensable injuries, as well as adjustments to previous years' estimates. The estimates include a determination for both reported and unreported injuries.

The benefits liability is based on the level and nature of entitlements and actuarial determinations. Estimates for reported and unreported claims which occurred on or before December 31, 1992 are based on experience, modified for current trends. While significant judgemental factors are included in the determination of unpaid claims, management believes the amounts provided for unpaid claims are adequate.

The benefits liability does not include any liability with respect to claims relating to self-insurers. These liabilities are considered to be liabilities of the individual self-insurers under the provisions of the *Act*. As some of these employers are experiencing financial difficulty, concerns have been raised regarding their ability to meet benefit obligations as they come due. At the end of 1992, the WCB issued a paper entitled "Schedule 2 Funding Issues", which outlines options to address these concerns.

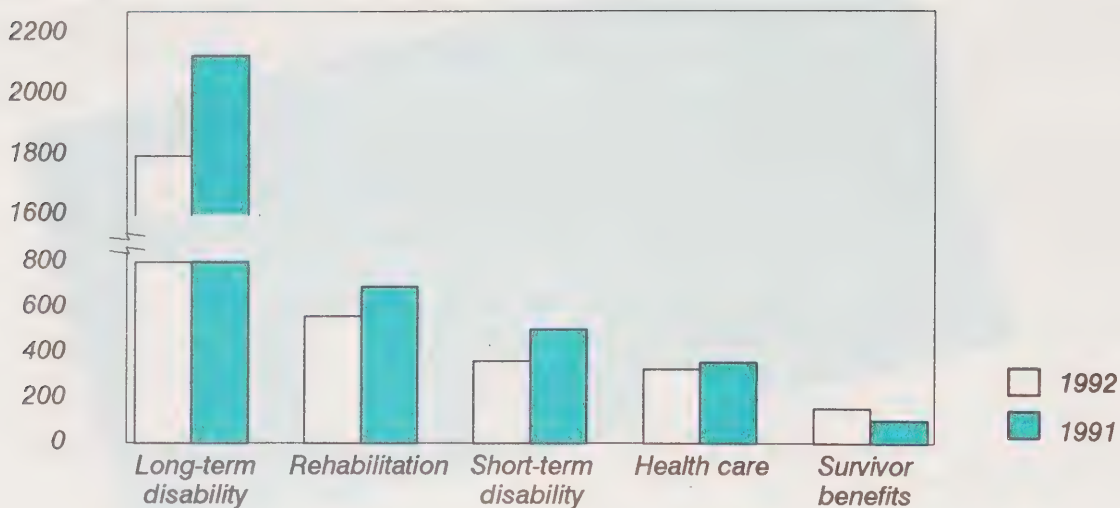
The key financial benefit numbers are summarized below:

(\$ millions)	1992	1991	% Change
<b>Benefits liability, beginning of year</b>	\$ 16,440	\$ 15,000	9.6
<b>Benefits expense, for the year</b>			
– Schedule 1	2,970	3,553	(16.4)
– Self-insurers	234	229	2.2
	<u>19,644</u>	<u>18,782</u>	4.6
<b>Benefits paid, during the year</b>			
– Schedule 1	(2,210)	(2,113)	4.6
– Self-insurers	(234)	(229)	2.2
	<u>(2,444)</u>	<u>(2,342)</u>	4.4
<b>Benefits liability, end of year</b>	<u>\$ 17,200</u>	<u>\$ 16,440</u>	4.6



## Benefits Expense

(\$ millions)



The trend towards fewer lost-time injuries, which started in 1990, continued in 1992. This trend is not only a reflection of lower levels of employment and improved working conditions, but also structural changes in the Ontario economy. Job losses have been greater in the higher injury risk sectors, such as manufacturing, natural resources and construction. As more people work in the service sectors, the nature and type of injury has changed and the number of accidents has declined.

Benefit payments to injured workers are indexed for inflation under the *Act* based upon the annual Consumer Price Index change each October. For 1992, payments were indexed by 4.4 per cent and in 1993 payments will be indexed by 1.6 per cent. This sharp drop in inflation reduced the 1992 benefits expense by about \$400 million as compared to 1991.

The savings resulting from the lower number of accidents and from lower inflation was partially offset by a mortality rate improvement. As Canadians are now living longer, the benefits expense was increased by \$400 million to reflect this change in mortality.

**Short-term disability payments** are issued for temporary total or partial injuries. Temporary payments may continue until the recipient recovers and returns to work or until a permanent disability is identified. For injuries incurred **prior to** January 2, 1990, once a permanent disability is identified, a lifetime pension is awarded to the recipient. For injuries incurred **on or after** January 2, 1990, the *Act* requires that those receiving temporary payments for 52 weeks or those with a permanent impairment be considered for a future economic loss (FEL) award. The amount of each FEL award will be reviewed in the 24th month and 60th month after its initial determination. A supplement may be issued to those workers who have a partial permanent disability award and participate in a rehabilitation program authorized by the WCB.

For injuries incurred on or after January 2, 1990, a worker who suffers a permanent impairment also is entitled to receive a non-economic loss (NEL) award for personal suffering based on the degree of personal injury and the age of the worker.

Although short-term disability payments declined \$80 million during 1992, long-term disability payments increased \$136 million over the 1991 level. The increase related to initial entitlements to FEL and NEL awards. Also, more than 11,000 new pensions were awarded for injuries which were incurred before 1990. Rehabilitation payments increased by \$42 million during 1992. This increase was related to FEL supplements.

## Short-term Disability

(\$ millions)	1992	1991	% Change
<b>Benefits liability, beginning of year</b>	\$ 1,188	\$ 1,354	(12.3)
<b>Benefits expense, for the year</b>			
– Schedule 1	288	428	(32.7)
– Self-insurers	76	76	-
	<u>1,552</u>	<u>1,858</u>	(16.5)
<b>Benefits paid, during the year</b>			
– Schedule 1	(514)	(594)	(13.5)
– Self-insurers	(76)	(76)	-
	<u>(590)</u>	<u>(670)</u>	(11.9)
<b>Benefits liability, end of year</b>	<u>\$ 962</u>	<u>\$ 1,188</u>	(19.0)

## Long-term Disability

(\$ millions)	1992	1991	% Change
<b>Benefits liability, beginning of year</b>	\$ 12,632	\$ 11,341	11.4
<b>Benefits expense, for the year</b>			
– Schedule 1	1,708	2,047	(16.6)
– Self-insurers	89	81	9.9
	<u>14,429</u>	<u>13,469</u>	7.1
<b>Benefits paid, during the year</b>			
– Schedule 1			
• Worker pensions	(621)	(597)	4.0
• Supplements	(158)	(151)	4.6
• Future economic loss	(59)	(8)	
• Non-economic loss	(46)	(-)	
– Self-insurers			
• Worker pensions	(70)	(68)	2.9
• Supplements	(12)	(12)	-
• Future economic loss	(3)	(1)	
• Non-economic loss	(4)	(-)	
	<u>(973)</u>	<u>(837)</u>	16.2
<b>Benefits liability, end of year</b>	<u>\$ 13,456</u>	<u>\$ 12,632</u>	6.5

## Injured Workers' Retirement Fund

For each FEL award and FEL supplement paid, the WCB sets aside in a separate fund an additional 10 per cent of the payments for the purpose of providing the worker with a retirement pension upon reaching age 65. During 1992, \$13 million was set aside for Schedule 1 workers and \$1 million for workers of self-insurers. At the end of 1992, the value of the Fund was \$16 million.

## Investments

The WCB raises funds through periodic assessments from Ontario's employers in order to provide benefit payments to injured workers. Cash revenues in excess of benefits payments and the WCB administrative expenses are invested through the Investment Fund. The Investment Fund is necessary to meet future obligations of the WCB.

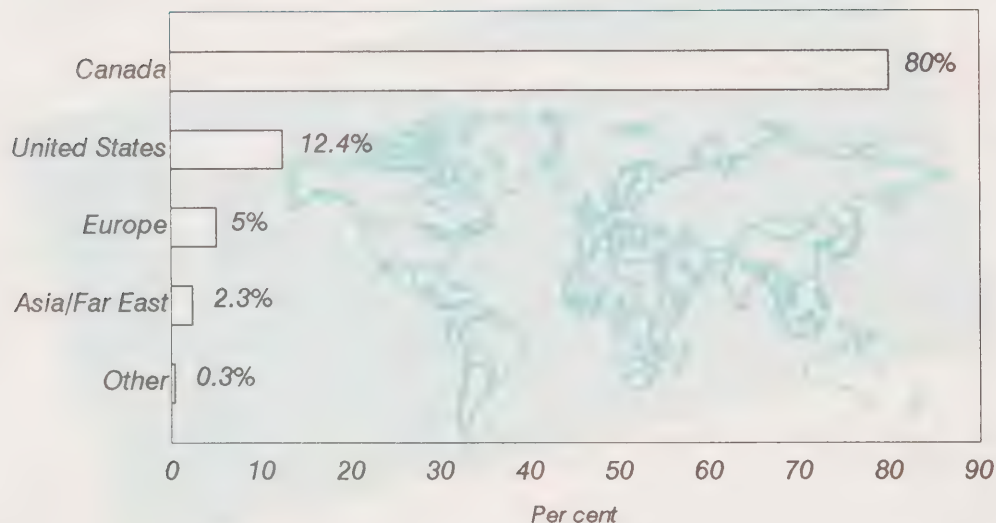
The market value of the WCB Investment Fund was \$6,120 million at the end of 1992, a net increase of \$53 million during 1992, in spite of a transfer of \$400 million to the WCB operations.

Carrying value of the investments was \$5,745 million at the end of 1992 compared to \$5,682 million the previous year.

The long-term investment objective of the WCB Investment Fund is to earn an average return of 3 per cent greater than the average annual rate of inflation. The Fund's performance, which is measured by an independent measurement service, was 7.8 per cent in 1992 and averaged 10.5 per cent over the past four years. By comparison, the rate of inflation over one and four years averaged 1.7 per cent and 4.0 per cent, respectively.

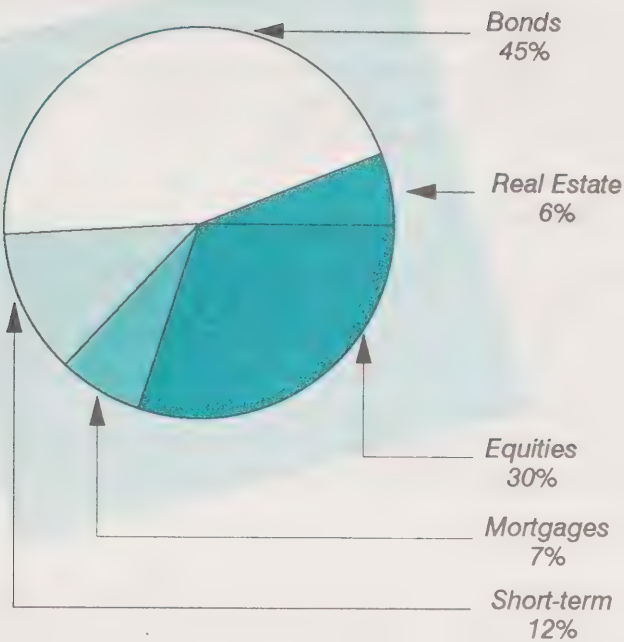
The geographic distribution and asset mix of the WCB Investment Fund as at December 31, 1992 were as follows:

### Geographic Distribution (Investment Fund)

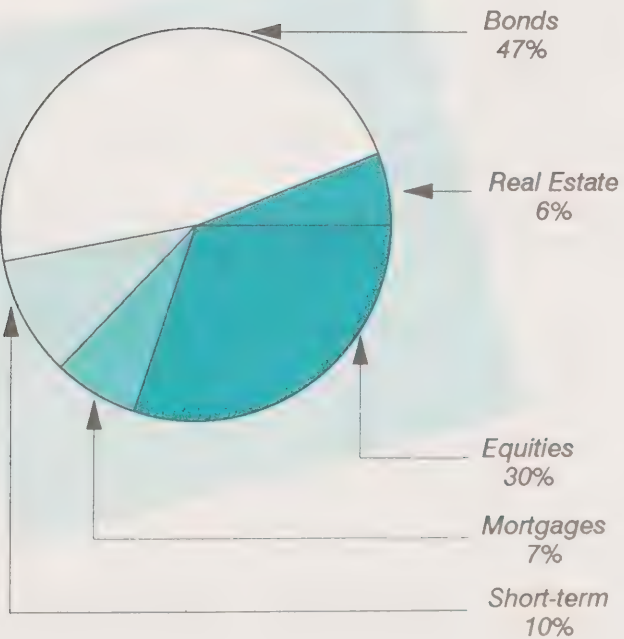


**Asset Mix (Investment Fund)**

December 31, 1992



December 31, 1991





## **Administrative and Other Expenses**

Total administrative and other expenses were \$347 million, a \$4 million or 1.2 per cent increase from 1991.

The slight increase in administrative and other expenses is attributed to enhancements to the WCB employee benefit plans which was partially offset by decreases in salaries. The enhancements to benefits were related to indexation of pension plan benefits, adjustments to the health care plan, and an increase in premiums for unemployment insurance. The decrease in salaries related primarily to the use of fewer temporary staff.

## **Legislated Obligations**

Funding for legislated obligations amounted to \$97 million in 1992. The amount represents an increase of \$10 million or 11.5 per cent from 1991. The increase is primarily due to funding the Workplace Health and Safety Agency, \$60 million in 1992 as compared to \$53 million in the previous year. The *Occupational Health and Safety Act* authorizes the Lieutenant Governor to establish an amount that the WCB must pay to the Workplace Health and Safety Agency. The amount is intended to fund operations of medical clinics, training centres and accident prevention associations, excluding the Farm Safety Association. Medical clinics were not funded prior to 1992.

## **Outlook**

The economy is improving. Stimulated by increasing exports to the United States, the Canadian economy grew at a compound annual rate of 3.5 per cent in the fourth quarter of 1992, its best performance in 18 months. Although consumer spending and business investment remain weak, the advancing U.S. economy should provide growing demand for Ontario's goods and services.

Assessment revenue in 1993 will remain close to the 1992 level due to the following reasons:

- (i) employment gains will be small;
- (ii) the average assessment rate will remain close to the 1992 rate; and
- (iii) average wage gains are moderate.

Benefits expense will continue to trend downwards due to the lower number of accidents, low inflation and improved service delivery.

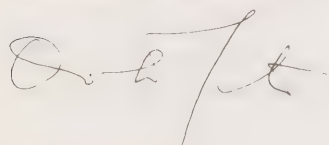
With flat revenue and administrative costs contained at the 1992 level while benefits expense decline, the increase in the unfunded liability is anticipated to be lower again in 1993.

# Balance Sheet

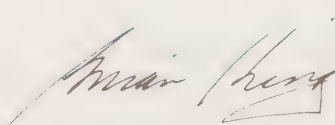
## Workers' Compensation Board Balance Sheet December 31, 1992

(\$ millions)	1992	1991
<b>Assets</b>		
Cash and cash equivalents	\$ 252	\$ 202
Receivables	485	443
Investments (note 3)	5,745	5,682
Capital assets (note 4)	70	47
Other assets	44	40
	<u>\$ 6,596</u>	<u>\$ 6,414</u>
<b>Liabilities</b>		
Payables and accruals	\$ 343	\$ 276
Deposits (note 11)	52	43
Interim project financing	13	-
Injured Workers' Retirement Fund (note 6)	16	2
Benefits liability (note 5)	17,200	16,440
	<u>17,624</u>	<u>16,761</u>
<b>Unfunded Liability</b>	<u>(11,028)</u>	<u>(10,347)</u>
	<u>\$ 6,596</u>	<u>\$ 6,414</u>

On behalf of the Board of Directors:



Odoardo Di Santo  
Director



Brian King  
Director

*The accompanying notes form an integral part of the financial statements.*

# Statement of Operations and Unfunded Liability

## Workers' Compensation Board Statement of Operations and Unfunded Liability For the Year Ended December 31, 1992

(\$ millions)	1992	1991
<b>Revenues</b>		
Assessment		
- Current	\$ 2,171	\$ 2,232
- Unfunded liability	357	273
Investment (note 3)	453	450
	<u>2,981</u>	<u>2,955</u>
<b>Expenses</b>		
Benefits (note 5)		
- Long-term disability	1,797	2,128
- Rehabilitation	561	691
- Short-term disability	364	504
- Health care	327	358
- Survivor benefits	155	101
	<u>3,204</u>	<u>3,782</u>
Transfers to Injured Workers'		
Retirement Fund (note 6)	14	2
Administrative and other (note 7)	347	343
Legislated obligations (note 8)	97	87
	<u>3,662</u>	<u>4,214</u>
<b>Deficiency from Operations</b>	<b>681</b>	<b>1,259</b>
<b>Unfunded Liability, beginning of year</b>	<b>10,347</b>	<b>9,088</b>
<b>Unfunded Liability, end of year</b>	<b>\$ 11,028</b>	<b>\$ 10,347</b>

*The accompanying notes form an integral part of the financial statements.*

# Statement of Cash Flows

## Workers' Compensation Board Statement of Cash Flows For the Year Ended December 31, 1992

(\$ millions)	1992	1991
<b>Cash Flows from Operating Activities</b>		
Cash received from:		
Employers, for assessments	\$ 2,545	\$ 2,546
Investments	266	293
	<u>2,811</u>	<u>2,839</u>
Cash paid to:		
Claimants, survivors and care providers	(2,444)	(2,342)
Employees and suppliers for administrative goods and services	(330)	(381)
Others under legislated obligations	(97)	(87)
	<u>(2,871)</u>	<u>(2,810)</u>
<b>Net cash provided (used) by operating activities</b>	<b>(60)</b>	<b>29</b>
<b>Cash Flows from Financing Activities</b>		
Cash received from:		
Interim project financing	(3)	-
Self-insurers as deposits	0	10
	<u>(3)</u>	<u>10</u>
<b>Net cash provided by financing activities</b>	<b>(3)</b>	<b>10</b>
<b>Cash Flows from Investing Activities</b>		
Cash received from:		
Sales and maturities of investments	1,556	618
Cash paid for:		
Purchases of investments	(1,292)	(632)
Net purchases of short-term securities	(141)	(82)
Net purchases of capital assets	(35)	(18)
	<u>(1,468)</u>	<u>(732)</u>
<b>Net cash provided (used) by investing activities</b>	<b>\$8</b>	<b>(114)</b>
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	<b>50</b>	<b>(75)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>202</b>	<b>277</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 252</b>	<b>\$ 202</b>

The accompanying notes form an integral part of the financial statements.



# Notes to the Financial Statements

December 31, 1992

(\$ millions)

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## 1. Nature of operations

The Workers' Compensation Board (WCB) is a Crown Agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*), R.S.O. 1990.

The WCB administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the WCB's Accident Fund. Schedule 2 relates to employers who are "self-insured", in that they are individually liable. The same applies to the federal government, which is covered under a separate agreement with Labour Canada. The WCB pays the actual cost of claims for workers of self-insurers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims.

The WCB does not receive government funding or other assistance and raises funds through assessments on the payrolls of employers covered under the *Act*, in order to provide compensation to workers or survivors of the workers who are injured in the course of employment or who contract an occupational/industrial disease.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are summarized as follows:

### Cash and cash equivalents

Cash and cash equivalents are operating funds consisting of cash with banks and deposits having maturities within three months of the date of purchase.

### Investments

#### a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

#### b) Equities and real estate

Equities and real estate are carried at cost adjusted towards market value, using a moving average market method based on five years. Realized gains and losses are deferred and amortized over a five-year period.

#### c) Short-term securities

Short-term securities consist of money market instruments with maturities of less than 12 months from the date of purchase and are carried at amortized cost. Gains and losses from sales are included in income in the year they occur.

**d) Foreign currency translation**

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

**Capital assets and depreciation**

Capital assets are stated at cost. Capital assets, excluding land, are depreciated using the straight-line method at rates calculated to expense the cost of assets over the estimated useful lives. Construction-in-progress is stated at cost and represents the WCB's pro rata share of cost. Depreciation commences when the asset becomes fully operational.

**Assessment revenue**

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Act*, adjusted for claim experience, where relevant. Assessment rates include a component for unfunded liability.

Included in assessment revenue are reimbursements by self-insurers for claims paid, as well as for the cost of administering the claims.

**Benefits liability**

The benefits liability is based on the level and nature of entitlements and actuarial determinations. Estimates for reported and unreported claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgemental factors are included in the determination of unpaid claims, particularly those relating to Bill 162, management believes the amounts provided for unpaid claims are adequate. Adjustments, if any, resulting from continuous review of entitlements and actuarial evaluations will be recorded in future accounting periods when such adjustments become known. The benefits liability has been discounted to present value, using a real interest rate of 3 per cent.

The benefits liability does not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers.

Provision has not been made for future administration costs of existing claims, arising in whole, or in part, from employment prior to December 31, 1992, as they cannot be reasonably estimated. Similarly, provision has not been made for the cost of claims for occupational/industrial diseases, or for the cost of existing claims for diseases and injuries that are not currently considered to be work-related that may in the future be considered to be work-related.

### 3. Investments and investment revenue

		1992		1991	
		Carrying Value	Market Value	Carrying Value	Market Value
<b>Fixed Income Securities</b>					
Bonds	– Government	\$ 294	\$ 308	\$ 207	\$ 222
	– Corporate	960	965	1,224	1,278
Coupons		1,327	1,515	1,166	1,321
Mortgages		403	415	437	459
		<u>2,984</u>	<u>3,203</u>	<u>3,034</u>	<u>3,280</u>
<b>Equities</b>					
Domestic		620	611	779	799
Foreign	– U.S.	429	564	391	501
	– Global	657	697	615	618
		<u>1,706</u>	<u>1,872</u>	<u>1,785</u>	<u>1,918</u>
<b>Real Estate</b>		341	331	340	346
<b>Short-term Securities</b>					
Money market instruments		663	663	465	465
Accrued investment income		51	51	58	58
		<u>\$ 5,745</u>	<u>\$ 6,120</u>	<u>\$ 5,682</u>	<u>\$ 6,067</u>

Included in the carrying value of investments are deferred realized net gains of \$67 million (1991: net loss of \$65 million) and amortized unrealized net gains of \$82 million (1991: \$46 million).

The WCB engages in a securities lending program whereby investments are loaned to borrowers, approved by the Investment Fund's custodian, for a fee, against high quality collateral. At December 31, 1992, the market value of securities on loan was \$77 million (1991: \$273 million).

Revenue by category of investment is as follows:

	1992	1991
Bonds	\$ 141	\$ 151
Coupons	130	118
Equities	82	71
Mortgages	44	52
Short-term securities	44	46
Real estate	20	19
	<u>461</u>	<u>457</u>
Less: Investment expenses	8	7
Investment revenue	<u>\$ 453</u>	<u>\$ 450</u>

In 1992, \$30 million (1991: \$6 million) of realized and unrealized net gains, were amortized to investment revenue.

#### 4. Capital assets

	1992		1991	
	<i>Cost</i>	<i>Net Book Value</i>	<i>Net Book Value</i>	<i>Depreciation Rate %</i>
Land	\$ 7	\$ 7	\$ 7	-
Construction-in-progress	21	21	-	-
Buildings	11	3	3	2½
Leasehold improvements	6	1	1	10
Equipment	74	38	36	20
	<u>\$119</u>	<u>\$ 70</u>	<u>\$ 47</u>	

#### 5. Benefits liability

The movement in benefits liability during 1992 was as follows:

	1992					1991	
	<i>Long-term Disability</i>	<i>Rehabilitation</i>	<i>Short-term Disability</i>	<i>Health Care</i>	<i>Survivor Benefits</i>	<i>Total</i>	<i>Total</i>
<b>Benefits liability,</b>							
beginning of year	\$12,632	\$ 480	\$1,188	\$1,015	\$1,125	\$16,440	\$15,000
<b>Benefits expense,</b>							
for the year	1,797	561	364	327	155	3,204	3,782
	<u>14,429</u>	<u>1,041</u>	<u>1,552</u>	<u>1,342</u>	<u>1,280</u>	<u>19,644</u>	<u>18,782</u>
<b>Benefits paid,</b>							
during the year							
- Schedule 1	(884)	(499)	(514)	(226)	(87)	(2,210)	(2,113)
- Self-insurers	(89)	(36)	(76)	(23)	(10)	(234)	(229)
	<u>(973)</u>	<u>(535)</u>	<u>(590)</u>	<u>(249)</u>	<u>(97)</u>	<u>(2,444)</u>	<u>(2,342)</u>
<b>Benefits liability,</b>							
end of year	<u>\$13,456</u>	<u>\$ 506</u>	<u>\$ 962</u>	<u>\$1,093</u>	<u>\$1,183</u>	<u>\$17,200</u>	<u>\$16,440</u>



Benefits paid consist of the following:

	<i>Schedule 1</i>		<i>Self-insurers</i>	
	<i>1992</i>	<i>1991</i>	<i>1992</i>	<i>1991</i>
<b>Long-term disability</b>				
– Worker pensions	\$ 621	\$ 597	\$ 70	\$ 68
– Supplements	158	151	12	12
– Future economic loss	59	8	3	1
– Non-economic loss	46	–	4	–
	<u>884</u>	<u>756</u>	<u>89</u>	<u>81</u>
<b>Rehabilitation</b>	499	456	36	37
<b>Short-term disability</b>	514	594	76	76
<b>Health care</b>				
– Health care	206	206	21	23
– Medical reports	20	19	2	2
	<u>226</u>	<u>225</u>	<u>23</u>	<u>25</u>
<b>Survivor benefits</b>	87	82	10	10
	<u>\$ 2,210</u>	<u>\$ 2,113</u>	<u>\$ 234</u>	<u>\$ 229</u>

## 6. Injured Workers' Retirement Fund

Under Section 44 of the *Act*, the WCB sets aside funds equal to 10 per cent of every payment made to injured workers under Section 43 of the *Act* for the purpose of providing a retirement pension. In 1992, \$14 million (1991: \$2 million) was set aside relating to payments made to injured workers under Section 43 of the *Act*. In accordance with the provisions of the *Act*, these funds are segregated from the WCB's Accident Fund and are invested to provide for future pension payments (note 11).

## 7. Administrative and other expenses

Administrative and other expenses consist of the following:

	<i>1992</i>	<i>1991</i>
Salaries and employee benefits	\$ 262	\$ 255
Equipment maintenance and depreciation	25	26
Occupancy	17	18
Communication	13	15
Supplies and services	11	13
Miscellaneous	13	10
Travel and vehicle maintenance	5	5
	<u>346</u>	<u>342</u>
Farm Safety Association	1	1
	<u>\$ 347</u>	<u>\$ 343</u>

## 8. Related party transactions

### Legislated obligations

The WCB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The WCB is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Industrial Disease Standards Panel, the Workplace Health and Safety Agency (WHSa) and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour and, in certain instances, the WCB is directed by the Lieutenant Governor through Orders in Council to make those payments. The total amount of funding provided under these legislated obligations in 1992 was \$97 million (1991: \$87 million).

The WCB is required to provide funding of \$62 million (1992: \$60 million) to the WHSA for the 1993 calendar year, which was paid on January 4, 1993.

### Ontario Workers' Compensation Institute

The WCB also provides funding for the Ontario Workers' Compensation Institute (OWCI). The funding provided in 1992 was \$4 million (1991: \$3 million). These expenses are included in administrative and other expenses.

### Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations for \$370 million (1991: \$282 million).

### Other

In addition to the legislated obligations, accident prevention expenses and funding for OWCI referred to above, the financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices, with various Ontario government-controlled ministries, agencies, and Crown corporations with which the WCB may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

## 9. Commitments and contingencies

### a) Leases

At December 31, 1992, the WCB was committed under non-cancellable leases requiring future minimum payments as follows:

1993	\$ 10
1994	13
1995	14
1996	6
1997	5
Beyond five years	63
	<hr/>
	\$ 111
	<hr/>

At December 31, 1991, total future minimum payments were \$33 million.

**b) Investment commitments**

At December 31, 1992, outstanding investment commitments amounted to \$16 million (1991: \$9 million), primarily consisting of commitments to future mortgage advances.

**c) Co-ownership agreement**

The WCB is a 75% participant in a co-ownership agreement to develop and construct an office building. In 1995, the WCB will occupy approximately 70% of the floor space of this building. The WCB's pro rata share of interim project financing is secured by the project with interest varying at the bank's prime rate. The WCB investment in this project is estimated at \$150 million, most of which will be borrowed under a permanent financing commitment entered into after the year end.

The Standing Committee on Public Accounts directed the Provincial Auditor to conduct a value for money examination of the WCB's plans to develop and construct this office building. The examination is in process.

**d) Legal actions**

The WCB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material adverse effect on the WCB.

## **10. Pension plan**

The WCB has a contributory defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WCB.

An independent actuarial valuation performed as of December 31, 1992 has determined that the pension plan is in a surplus position. As at December 31, 1992, the Plan's funded status was as follows:

	<i>1992</i>	<i>1991</i>
Pension assets	\$ 498	\$ 444
Accrued pension obligations	\$ 451	\$ 332

Effective January 1, 1992, the pension plan was amended to provide for partial indexing of pension benefits in order to provide inflation protection to members. The accrued pension obligation after the partial indexing on January 1, 1992 was \$412 million.

## 11. Segmented financial information

Operating results and net assets (liabilities) of Schedule 1, self-insurers and of the Injured Workers' Retirement Fund established in accordance with Section 44 of the *Act*, included in the 1992 financial statements are as follows:

	<i>Schedule 1</i>	<i>Self- insurers</i>	<i>Retirement Fund</i>	<i>Total</i>
<b>Operating results:</b>				
Assessment revenue (note 2)	\$ 2,259	\$ 269	\$ -	\$ 2,528
Investment revenue	452	1	-	453
Benefits expense	(2,970)	(234)	-	(3,204)
Transfers to Injured Workers' Retirement Fund (note 6)	(13)	(1)	14	-
Increase in Injured Workers' Retirement Fund (note 6)	-	-	(14)	(14)
Administrative, legislated obligations and other expenses	(409)	(35)	-	(444)
Deficiency from operations	<u>\$ (681)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (681)</u>

	<i>Schedule 1</i>	<i>Self- insurers</i>	<i>Retirement Fund</i>	<i>Total</i>
<b>Net assets (liabilities):</b>				
Cash and investments	\$ 5,945	\$ 36	\$ 16	\$ 5,997
Benefits liability (note 2)	(17,200)	-	-	(17,200)
Injured Workers' Retirement Fund (note 6)	-	-	(16)	(16)
Deposits	-	(52)	-	(52)
Other net assets	227	16	-	243
Unfunded liability	<u>\$ (11,028)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,028)</u>

## 12. Comparative figures

Certain re-classifications have been made to the prior year financial statements to conform to the current year's presentation.



# Responsibility For Financial Reporting

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The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, comprising three directors who are not officers or employees of the WCB, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, the internal auditors and the external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WCB's internal controls, practices and procedures.

The external auditors, KPMG Peat Marwick Thorne, working under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the WCB in accordance with generally accepted auditing standards. Their Report outlines the scope of this independent audit and their opinion on the financial statements of the WCB.

Eckler Partners Ltd., the independent consulting actuaries to the WCB, express an opinion on the adequacy and appropriateness of the valuation of the WCB's actuarial liabilities, and on the proper provision for benefits expense.



Brian King  
Vice Chair of Administration



Glenn W. Cooper  
Executive Director, Finance  
and Chief Financial Officer

March 12, 1993

# Auditors' Report

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To the Workers' Compensation Board,  
the Minister of Labour  
and to the Provincial Auditor

Pursuant to the *Workers' Compensation Act* which provides that the accounts of the Workers' Compensation Board (WCB) shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of WCB as at December 31, 1992 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of WCB as at December 31, 1992 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

The comparative figures for 1991 were reported on without qualification by another firm of chartered accountants reporting to the Provincial Auditor.

A handwritten signature in cursive script that reads 'Peat Marwick Thorne'.

Chartered Accountants

Toronto, Ontario  
March 12, 1993

# Consulting Actuaries' Report

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## **Eckler Partners Ltd.**

### CONSULTING ACTUARIES' REPORT ON THE VALUATION OF THE ACTUARIAL LIABILITIES OF THE SCHEDULE 1 ACCIDENT FUND OF THE WORKERS' COMPENSATION BOARD OF ONTARIO AS AT DECEMBER 31, 1992

We have determined the estimated present value as at December 31, 1992 of future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be \$17,200 million. We have examined the data upon which the calculations were based and found them to be sufficient for the purposes of the valuation and consistent with the Board's financial statements. We consulted with the Board Actuary and Management in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to industrial disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43, and of the portions of compensation for future loss of earnings under section 43, and of supplemental pensions under section 147(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe management's estimates in this regard to be reasonable.

The valuation was based on the provisions of the *Workers' Compensation Act* in effect as of January 1, 1993. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum, on the assumption that investment income in excess of that rate will be required to finance increases in benefits related to inflation. Provision has also been made for the estimated effects of improvements in the mortality of injured workers and survivors since the most recent study of mortality experience was conducted in 1987.

Except as otherwise noted above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, subject to the foregoing comments, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of \$17,200 million as at December 31, 1992 makes reasonable provision for future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1992.



David A. Short, F.S.A., F.C.I.A.



M. David R. Brown, F.S.A., F.C.I.A.

Actuaries with the firm of  
Eckler Partners Ltd.

March 12, 1993



# Ten-Year History

## Workers' Compensation Board

### Ten-Year Summary of the Statements of Operations and Unfunded Liability

(\$ millions)

	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
<b>Revenues</b>										
Assessment	\$ 2,528	\$ 2,505	\$ 2,596	\$ 2,678	\$ 2,377	\$ 2,092	\$ 1,737	\$ 1,424	\$ 1,160	\$ 882
Investment	453	450	440	409	316	272	217	186	176	167
	<u>2,981</u>	<u>2,955</u>	<u>3,036</u>	<u>3,087</u>	<u>2,693</u>	<u>2,364</u>	<u>1,954</u>	<u>1,610</u>	<u>1,336</u>	<u>1,049</u>
<b>Expenses</b>										
Benefits paid	2,444	2,342	2,059	1,782	1,624	1,463	1,246	1,099	979	860
Net increase in benefits liability	760	1,440	1,220	2,117	1,443	1,096	1,304	2,990	880	640
Transfers to Injured Workers' Retirement Fund	14	2	-	-	-	-	-	-	-	-
	<u>3,218</u>	<u>3,784</u>	<u>3,279</u>	<u>3,899</u>	<u>3,067</u>	<u>2,559</u>	<u>2,550</u>	<u>4,089</u>	<u>1,859</u>	<u>1,500</u>
Administrative and other	347	343	323	281	259	267	214	185	155	140
Legislated obligations	97	87	53	26	26	22	16	7	7	6
	<u>3,662</u>	<u>4,214</u>	<u>3,655</u>	<u>4,206</u>	<u>3,352</u>	<u>2,848</u>	<u>2,780</u>	<u>4,281</u>	<u>2,021</u>	<u>1,646</u>
<b>Deficiency from Operations</b>	681	1,259	619	1,119	659	484	826	2,671	685	597
<b>Unfunded Liability, beginning of year</b>	<u>10,347</u>	<u>9,088</u>	<u>8,469</u>	<u>7,350</u>	<u>6,691</u>	<u>6,207</u>	<u>5,381</u>	<u>2,710</u>	<u>2,025</u>	<u>1,428</u>
<b>Unfunded Liability, end of year</b>	<u>\$11,028</u>	<u>\$10,347</u>	<u>\$9,088</u>	<u>\$8,469</u>	<u>\$7,350</u>	<u>\$6,691</u>	<u>\$6,207</u>	<u>\$5,381</u>	<u>\$2,710</u>	<u>\$2,025</u>

### Other Statistics

	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983
<b>Total assessable payroll (\$ millions)</b>	<u>\$83,048</u>	<u>\$80,727</u>	<u>\$80,352</u>	<u>\$79,475</u>	<u>\$73,789</u>	<u>\$67,974</u>	<u>\$61,574</u>	<u>\$57,025</u>	<u>\$48,771</u>	<u>\$42,293</u>
<b>Number of WCB employees as at December 31</b>	4,909	5,139	5,138	4,611	4,387	4,211	4,218	3,735	3,378	3,217
<b>Number of registered claims</b>	377,019	409,946	473,407	467,212	489,819	469,681	442,080	426,880	388,845	344,758

# Workers' Compensation Board Offices

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## Head Office

Toronto  
2 Bloor Street East  
Toronto, Ontario  
M4W 3C3

### General Inquiry

(416) 927-9555  
1-800-387-0750  
1-800-387-5595  
1-800-387-5540

### Telephone Device for the Deaf (TDD)

1-800-387-0050

### Toronto Claims Information Centre

1382 St. Clair Ave. W.  
Toronto, Ontario  
M6E 1C6  
(416) 965-8864

## Integrated Service Units

**Central Ontario East**  
(416) 927-9227  
1-800-263-8877

**Central Ontario West**  
(416) 927-1840  
1-800-387-0025

**Central Ontario South**  
(416) 927-9537  
1-800-387-0068

**Central Ontario  
Construction**  
(416) 927-9538  
1-800-387-0080

**Toronto North**  
(416) 927-9270  
1-800-387-8607

**Toronto South**  
(416) 927-9539  
1-800-387-0064

**Toronto East**  
(416) 927-8533  
1-800-387-0066

**Toronto West**  
(416) 927-1090  
1-800-387-0062

**Complex Case Unit  
(Injuries)**  
(416) 927-8399  
1-800-465-9646

**Complex Case Unit  
(Diseases)**  
(416) 927-3774  
1-800-465-9646

## Regional Offices

**Hamilton  
(North and South)**  
P.O. Box 2099, Station A  
120 King Street West  
Hamilton, Ontario  
L8N 4C5  
(416) 523-1800  
1-800-263-8488

**London**  
148 Fullarton Street  
London, Ontario  
N6A 5P3  
(519) 663-2331  
1-800-265-4752

**Ottawa (East and West)**  
360 Albert Street  
Suite 200  
Ottawa, Ontario  
K1R 7X7  
(613) 238-7851  
1-800-267-9601

**Sudbury**  
30 Cedar Street  
Sudbury, Ontario  
P3E 1A4  
(705) 675-9301  
1-800-461-3350

**Thunder Bay**  
P.O. Box 7000  
410 Memorial Avenue  
Thunder Bay, Ontario  
P7C 5S2  
(807) 343-1710  
1-800-465-3934

**Windsor**  
235 Eugenie Street West  
Windsor, Ontario  
N8X 2X7  
(519) 966-0660  
1-800-265-7380

## Area Offices

**Kingston**  
234 Concession Street  
Suite 304  
Kingston, Ontario  
K7K 6W6  
(613) 544-9682  
1-800-267-9461

**Kitchener/Waterloo**  
151 Frederick Street  
Kitchener, Ontario  
N2H 2M2  
(519) 576-4130  
1-800-265-2570

**North Bay**  
128 McIntyre Street West  
North Bay, Ontario  
P1B 2Y6  
(705) 472-5200  
1-800-461-9521

**Sault Ste. Marie**  
153 Great Northern Road  
Sault Ste. Marie, Ontario  
P6B 4Y9  
(705) 942-3002  
1-800-461-6005

**St. Catharines**  
Lake-Carlton Plaza  
161 Carlton Street  
Suite 201  
St. Catharines, Ontario  
L2R 1R5  
(416) 687-8622  
1-800-263-2484

**Timmins**  
Hollinger Court  
100 Waterloo Road  
Timmins, Ontario  
P4N 4X5  
(705) 267-6427  
1-800-461-9856



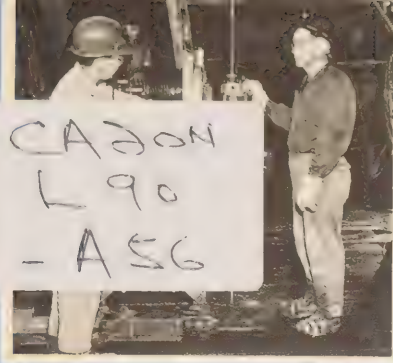
Ontario

**Workers'  
Compensation  
Board**

**Commission  
des accidents  
du travail**

# *The Workers' Compensation Board of Ontario*

CADON  
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- A56



*1993 annual report*



Si vous désirez obtenir un exemplaire du Rapport annuel et du Supplément statistique 1993 en français, veuillez vous adresser à la Division des communications et des affaires publiques de la Commission des accidents du travail.

2, rue Bloor Est, 26<sup>e</sup> étage  
Toronto (Ontario)  
M4W 3C3  
(416) 927-3500

A Statistical Supplement to the 1993 Annual Report is available upon request from the Workers' Compensation Board's Communications and Public Affairs Division.

2 Bloor Street East, 26th Floor  
Toronto, Ontario  
M4W 3C3  
(416) 927-3500

2250A (05/94)  
ISSN 0822-2150

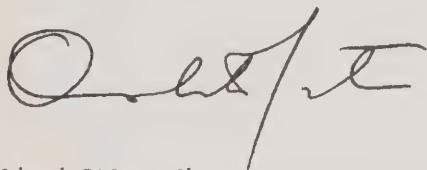
*Together we're going to work.*

The Workers' Compensation Board (WCB) is a statutory corporation created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario. The WCB provides compensation to workers who sustain injuries arising out of and in the course of employment, or who contract an occupational disease, by raising funds from the province's employers.

Compensation includes payment for loss of wages and loss of enjoyment of life that may result from the injury or disease. The WCB provides future economic loss and/or non-economic loss benefits for permanent impairment, payments of health care expenses, a range of vocational and medical rehabilitation services, retraining programs, and survivors' benefits in the case of a fatality. The WCB also sponsors accident prevention activities.

Colonel The Honourable Henry N.R. Jackman, K.St. J., B.A., LL.B., LL.D., C.M.,  
Lieutenant Governor of Ontario

The Workers' Compensation Board is pleased to submit its annual report of operations for 1993.

A handwritten signature in black ink, appearing to read 'Odoardo Di Santo', written over a light grey rectangular background.

Odoardo Di Santo, Chair



# ***t**able of contents*

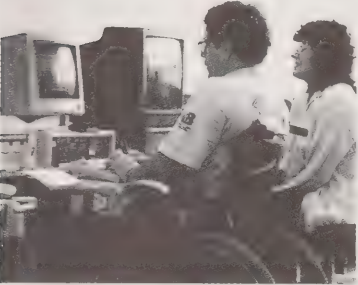
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# *people in partnership*

***“All government – indeed every human benefit and enjoyment, every virtue and every prudent act – is founded on compromise.”***

***Edmund Burke***



Modern society is much more complex and a far cry from the world which Sir William Meredith, the founder of workers' compensation in Ontario, faced when he conceived the workers' compensation system in 1914. In an historic compromise, he called for employers to pay for workers' compensation coverage; workers would get benefits, but workers couldn't sue. Since then, coverage and benefits have increased, as have the associated costs.

It's almost an understatement to say that the world has changed dramatically, particularly from a compensation perspective. From compensation for broken limbs and amputations, and workplace fatalities, the circle has continually expanded to take in a variety of injuries and disablements.

Who in 1914 would have believed that one day we would compensate for asbestosis and a variety of other diseases? Who would have dreamed we would compensate injured workers for the harmful effects of hazardous chemicals?

It was an exceptionally wise and compassionate Sir William who left the door open for such compensation when he wrote in his final report: "It would, in my opinion, be a blot on the Act if a workman who suffers from an industrial disease contracted in the course of employment is not entitled to compensation. The risk of contracting disease is inherent in the occupation he follows and

he is practically powerless to guard against it. A workman may to some extent guard against accidents, and it would seem not only illogical but unreasonable to compensate him in the one case but deny him the right to compensation in the other."

By leaving the door open for expanded coverage, Sir William envisioned that as industry and business expanded, so too would the list of workplace injuries and disablements. However, predicting the economy of 1993 was another matter altogether.

Who could have foreseen the restructuring which is shaping Ontario's economic landscape and creating a whole new set of socio-economic and competitive pressures?

Those who do not remember history are doomed to repeat it. For workers' compensation in Ontario this is a positive phrase and represents a continued emphasis on the historic compromise between workers and employers. The day-to-day business of the Workers' Compensation Board continues to reflect this history.

Out of belief in compromise and consensus building evolved Odoardo Di Santo's major goals as Chair of the Workers' Compensation Board: Putting a human face on the WCB, and establishing an atmosphere of conciliation where employers and workers could come together and find agreement.



**Q.** *How important is consultation and consensus building with stakeholders to you?*

**A.** Workers' compensation is a challenging field. In an increasingly competitive business environment, employers try to stretch every resource, and some may feel that workers' compensation costs hinder their ability to conduct business. On the other hand, injured workers need to pay their bills while they are recovering. This is the dilemma we deal with every day at the WCB, and we would not be able to conduct business unless we consulted regularly with injured workers, employers and health care providers. Any changes to the system will require that workers and employers deal with their differences in an open and honest way.

**Q.** *What issues has the WCB consulted on during 1993?*

**A.** We spend a great deal of time asking stakeholders for their advice and opinion. We have consulted on the 1994 assessment rates, Schedule 2 funding issues, the use of non-economic loss medical assessment reports, compensation for nasal and lung cancer in the nickel and uranium industries, future economic loss review policies, worker/independent operator guidelines and so on. There is no substitute for asking your clients for their ideas. It's an approach that I have always believed works.

**Q.** *Many people have expressed views about the governance of the WCB. Would you give some background to the issue of governance and your opinion about how the WCB should be governed?*

**A.** Since 1985, the WCB has been governed by a part-time external Board of Directors with a full-time Chair and Vice-Chair of Administration. The Board comprises employers, workers, professional persons and the public, and it oversees the

development and delivery of workers' compensation policies and programs. The Chair and the Vice-Chair of Administration of the WCB are appointed by the government. Many people, myself included, have advocated a bipartite Board of Directors divided evenly between worker and employer representatives. This Board would then appoint the Chair and the Vice-Chair.

Personally, I think bipartism can work. However, bipartism is similar to good labour-management relations. You must do your homework, have a defensible rationale for your position, attempt to understand the other side's needs and be willing to compromise for the greater good. I also believe there should always be an important role for government, which must continue to have ultimate accountability for the state of our public institutions. Finally, bipartism is the kind of political change that requires broad-based public discussion.

**Q.** *What are the benefits of vocational rehabilitation and re-employment?*

**A.** Dignity in our society depends to a great extent on meaningful employment and I believe it is a tragic loss when an injured worker is rehabilitated and then not re-employed. This is the human aspect but there are also economic impacts. The realities of a workplace injury require that someone pays the injured worker's benefits while he or she is recovering, sometimes for a lifetime. Moreover, the employer must pay someone else to do the injured worker's job if the injured worker does not return to employment. It is clear to me that society wins both in the human sense and the economic sense when an injured worker is rehabilitated and then re-employed.



**Odoardo Di Santo, Chair**

***“Dignity in our society depends to a great extent on meaningful employment.”***

We as a society cannot afford the social and economic costs of not returning workers to the workforce. The wasted talent, the lost dollars and the devastated lives affect our entire social, political and economic fabric.

**Q.** *When you became Chair the unfunded liability was growing at a rate of \$1.2 billion per year. What steps have been taken in the past year to contain the rate of growth?*

**A.** In 1993, the unfunded liability grew by \$504 million. This is the lowest increase in the past six years. The unfunded liability represents a very large amount of money and it did not happen overnight, and will therefore not be solved overnight. Through improved case management, stronger return-to-work programs and tighter administrative controls, I believe we have begun the process of controlling the rate of growth of the unfunded liability.

**Q.** *What do you consider your most significant accomplishments over the past three years?*

**A.** I consider the Chair's Task Force on Service Delivery and Vocational Rehabilitation a great accomplishment. From the Task Force came the Action Plan, a process where we asked frontline WCB staff to examine how we do business and then offer solutions on how we could improve. Even though we have a long way to go, I believe we have set the stage for a more humane and responsive compensation system.

**Q.** *What is the future of workers' compensation in Ontario?*

**A.** Every concerned person has his or her opinion on the future of the WCB. Some advocate private insurance with a very narrow definition of what constitutes a workplace accident. Others promote a universal disability system. And there are those who advocate variations on the present system. What one believes often depends on one's experience with the system.

I believe that the future of the WCB can be found in the past. When workers' compensation was first introduced to Ontario, they called it an historic compromise. I believe that the future of workers' compensation will be found in new historic compromises. I invite our stakeholders to renew and recreate the historic compromise of 1914 that led to the establishment of the Workers' Compensation Board. I hope that all stakeholders will join us in that effort.

**Q.** *Who are the people who make your job as Chair of the WCB gratifying?*

**A.** I work with a dedicated and enthusiastic Board of Directors. Their collective wisdom provides clear and responsible direction to the WCB in their continued support of a responsive and fair

compensation system in Ontario. I am also fortunate to work with two dedicated Vice-Chairs, Dennis Schweitzer who represents the views of workers and Robert Stanbury who represents the perspective of employers. Their guidance and advice is always fair-minded and considered.

Another person instrumental to the process of bringing about necessary changes at the WCB over the past year was the Vice-Chair, Brian King. Mr. King was instrumental in spearheading and implementing many of the policy and organizational initiatives that have recharged and repositioned the WCB to better serve its clients in the years ahead. I would like to express, on behalf of the Board of Directors, our appreciation for his vision and commitment to this organization.

Furthermore, since becoming Chair of the WCB I have had the opportunity to work with thousands of dedicated WCB staff and I am constantly impressed by their dedication, concern and hard work. ■







**Brian King, Vice-Chair**

***“We’re seeing the payoff in better case management which in turn has contributed to earlier return-to-work on average, thereby reducing benefit expenditures and slowing the growth of the unfunded liability.”***

One generation plants the trees, another gets the shade. The tree’s growth period to maturity or at least to the point where it produces comfortable shade can take many years or even decades. The same comparison can be made with organizations. The multinational that started in a garage. The accounting system that once consisted of numbers on a piece of paper. Boardroom planning which once took place at the kitchen table. All of these endeavors take skill, patience, planning, and most of all, time.

In 1993, the Workers’ Compensation Board’s 1994 operational planning process set the goal of “doing more with less” while ensuring quality in service delivery and administrative soundness. Operational planning compelled staff to focus on the WCB’s core business — compensating and rehabilitating injured workers and collecting the funds from employers to do so. The exercise involved staff at many levels of the WCB.

Staff were asked to measure their activities and then measure the usefulness of the activity against the WCB’s core business. The goal is to better focus resources to support the core business.

With the help of staff at the Ontario Workers’ Compensation Board, Brian King, Vice-Chair of Administration continued to pursue his goals of tighter administrative controls, lower administrative costs, returning injured workers to work sooner, and most of all, improved service delivery.

- Q.** *The WCB has undergone structural and operational changes over the past year. What effect have these changes had on service delivery?*
- A.** Employers and injured workers tell me that although we are not perfect, we have significantly improved service delivery. Their opinions are verified by our own client service satisfaction surveys. The results show that the percentage of injured workers who reported being dissatisfied with their overall experience when dealing with us declined from 17 per cent in 1991 to 13 per cent in 1992. Employer results are even more impressive — their level of dissatisfaction has declined from 30 per cent to 19 per cent. These numbers, along with what stakeholders told me at numerous meetings across the province, indicates that we are on the right track.

We've improved service delivery because we're focusing on the specific service areas of greatest concern to our clients, such as phone service. We've set new standards and staff are meeting those standards. We're returning client phone calls much more promptly and, if the client chooses, we've made it easier for them to leave a message with a person rather than on voice mail.

These standards are just words on paper if you don't have the time to implement them. Many clients told us they felt adjudicator caseloads were too high. We recognized this and took steps

to address the problem. First we upgraded the skills of some 200 former adjudicator assistants and made them adjudicators and caseworkers. Secondly, we reallocated significantly more resources to training — 1,650 working days for benefits training — 550 days for management training — 1,200 days for technical training and so on.

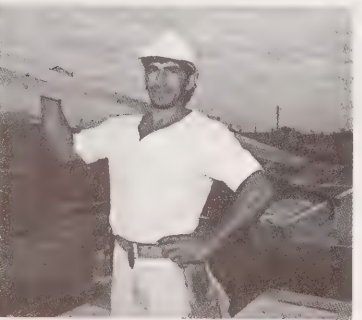
We're seeing the payoff in better case management which in turn has contributed to earlier return-to-work on average, thereby reducing benefit expenditures and slowing the growth of the unfunded liability.

All of these initiatives take time and money. When we're presented with an opportunity for improvement we decide realistically what is possible to achieve, given our resources, our obligations according to the *Act*, and policy directions from our Board of Directors.

- Q.** *What actions have been taken to control WCB administrative costs?*
- A.** We've been cutting administrative costs since 1992, when we froze our administrative budget at 1991 levels. For 1993, we again froze the budget at 1991 levels and realigned \$10 million from administrative areas to frontline service delivery. In 1994, we're targeting a 5 per cent decrease from the administrative budget. The cumulative effect of these factors — fewer claims, better case management and a leaner administration is very significant.
- Q.** *What are you doing about fraud against the workers' compensation system?*
- A.** In March of 1993, our Board of Directors approved a fraud strategy which was the culmination of nearly two years of unprecedented attention to fraud. In every area where we identified vulnerability to fraud, we retained experts from the private sector to examine our processes and procedures and make recommendations on improvements — always with the goal of reducing the potential for fraud without interfering with service delivery. All of this work was woven into a unified strategy to prevent, detect, investigate and respond to any attempt, on the part of anyone, to defraud the WCB.







To discourage fraud, we started with the basics and tightened administrative controls. Secondly, more than 1,500 Client Services staff have taken fraud awareness training. We also have 50 claims investigators around the province and a specialized audit team in our Revenue Department. And finally, we established a Special Investigations Branch with 20 staff who work closely with Crown attorneys and police forces.

- Q. *Who has contributed to the noticeable improvements to the workers' compensation system?*
- A. The accomplishments of the past year would not have been possible without the dedicated and hard working staff at the Ontario Workers' Compensation Board. They include those who compensate and rehabilitate injured workers, those who counsel and help survivors and dependents, those who assist employers

with their assessments, and those who aid their peers in accomplishing this valuable and worthwhile work.

One of our most significant accomplishments, putting a human face on the WCB, cannot always be measured, but I know it exists. I hear it from injured workers who tell me that their adjudicator went the extra mile for them — from employers who tell me about the valuable information and help they get from caseworkers, job placement specialists, revenue staff and so on. In its simplest form, I just have to listen to our own staff talking about an injured worker who is back to work and productive, or the employer who has received an assessment refund because of an improved accident record. This tells me that despite the criticism we do our jobs well. ■

## Jerry Hughes

Jerry Hughes characterizes a former version of himself as a “motorcycle riding, fisherman who worked in an aluminum factory”. He still fishes, and he still rides his motorcycle, but he doesn’t work in an aluminum factory anymore.

In 1987, he lost his left hand in an industrial accident.

He had worked for the same firm for more than 10 years and had risen from delivery truck driver to plant manager in a small aluminum fabricator in northwest Toronto. He calmly describes his accident as “a tussle with a punch-press.”

“We were having problems with the alignment, the mechanic was on lunch and repairs had to be made – I had done the same thing a thousand times before.”

### A turning point in Hughes’ life

What happened next is the type of commonplace event that most of us can relate to. “It was a stupid accident .... there was a piece of paper on the floor and I instinctively kicked it out of the way. Unfortunately, I didn’t know that the foot peddle was beneath the paper. The press came down and in the blink of an eye, my hand was left attached to my wrist with a single tendon.”

Jerry is one of those people who makes lemonade when life hands him a lemon. He readily admits he wouldn’t be where he is today if not for the accident. He’d still like his hand back of course, but he knows that he probably wouldn’t have gone back to school if he hadn’t kicked at that piece of paper that day.

Today Jerry Hughes is in charge of direct marketing at Toronto’s Harbourfront Centre. He markets events as diverse as avant garde dance companies, marine programs, and Indian sitar and drum festivals – a big change from the factory work before the accident. “If someone had told me three years ago that I’d be doing this type of work I would have told them they were nuts.”

***The events that have taken place between the accident in 1987 and today prove that anything is possible when the worker, the employer, the health care provider and the WCB act in partnership.***

The events that have taken place between the accident in 1987 and today prove that anything is possible when the worker, the employer, the health care provider and the WCB act in partnership.

Jerry had been thinking about a career change before the accident. In addition to his duties as plant manager, he had begun to do some selling and marketing and found it was something he enjoyed.

“I had risen about as far as I could at the aluminum company and I was looking for a change. I had even begun applying for various sales and marketing jobs but my lack of formal education (he had completed grade 12) held me back.”

Not missing the irony, he describes his old job as “hands-on”. After the accident Jerry knew that he would not be able to work in the plant again so he began to consider retraining. “They offered me clerical work, but it’s quite a change from plant manager. In any event, I knew that the sound of the machines would drive me crazy.”

Jerry was injured before the enactment of Bill 162 in January of 1990. Basically, the re-employment obligations in Bill 162 require companies who employ more than 20 workers to take back an injured worker

once he or she is able to do the pre-injury job, if the worker has worked for that employer continuously for one year. If the worker is unable to do the pre-injury job the employer must offer a comparable or suitable job. The obligation to re-employ lasts for two years from the date of injury or one year from the date of recovery.

After his surgery, Jerry spent four weeks in hospital recovering. A WCB representative came to see him two days after the accident and initiated his claim so he could continue to pay his bills.

George Picken, Director of the WCB’s Hamilton office: “In many cases of serious injury, we try and get a WCB representative to the hospital within a couple of days. It’s not only to get the paperwork rolling. We want to let the worker know that we’re going to give them all the help they need to get back to work.”



***"In many cases of serious injury, we try and get a WCB representative to the hospital within a couple of days. It's not only to get the paperwork rolling. We want to let the worker know that we're going to give them all the help they need to get back to work."***

Jerry is vague on the details following the accident. "I was on pain-killers." He does remember his options however. "The doctor told me they could try and reattach the hand, but the chance of success would only be about 30 per cent and that they would need to take a bone graft from my hip which would leave me with a permanent limp. They also told me that if the operation was successful I would only have about 50 per cent use of the hand." He had two options: Try and save the hand and be left with a limp, or amputation. "Saving the hand sounded like a craps shoot — I went with amputation."

Difficult times often bring out strengths in people. In Jerry's case he was fortunate to have a supportive peer group. Jerry quotes Lennon and McCartney: "I get by with a little help from my friends." He claims some of them took the accident harder than he did.

While he was in the hospital, a long-time friend worried that he had lost his fishing buddy. Instead of resigning himself to finding a new partner, Jerry's friend fashioned a makeshift fishing prosthesis. He took a plastic

road-hockey blade and warped it so that the blade would fit snugly around Jerry's waist and attach to his belt. He then taped a gas can funnel to the top of the blade for Jerry's fishing rod. The end result resembled an inverted unicorn horn sticking out from Jerry's stomach. It was the beginning of Jerry's recovery.

Two days out of the hospital and Jerry was using his home-made prosthesis ice-fishing out on Lake Simcoe. "My friends recognized that if I was to get used to the loss of my hand the best thing they could do for me was not to do for me — they even made me open up my own beer."

Before he could be fitted with a prosthesis, his physical wounds had to heal so the next couple of months were spent getting better, fishing and "just hanging out with friends".

The WCB's Downsview Rehabilitation Centre (DRC) was the next stop on Jerry's road to recovery. He entered DRC in the summer of 1987. The first couple of weeks were spent in physical rehabilitation. "They needed to reduce the swelling and improve my muscle tone before they could properly fit me with the prosthesis." Once he was fitted, Jerry began learning how to use his new hand. He continued to go to Downsview every day for the next two months. "I adapted pretty quickly to the hand and by the end of August I was ready to leave." But where to now?

Jerry is at once pragmatic and optimistic. "I'm not one of those people who sits around and mopes about what could have been. I was faced with a situation. I dealt with it and I moved on."

He had already, more or less, made the decision to pursue a marketing career so he started researching various educational options. He finally settled on Seneca College's marketing program. The next three years were spent grinding-out assignments, essays, tests and exams. In 1991, Jerry graduated with honours from Seneca. "I was a little cocky and ready to take on the world." Unfortunately, the recession took the wind out of Jerry's optimistic sails.

***Jerry is at once pragmatic and optimistic.***

***"I'm not one of those people who sits around and mopes about what could have been. I was faced with a situation. I dealt with it and I moved on."***



***“ I think it is a mutual exchange...it's wonderful to have someone with Jerry's background and experience here at Harbourfront Centre.”***

“I graduated in 1991 and was competing for marketing jobs with people who had years of experience – I found out pretty quickly that I was going to need some help.”

Help came in the form of WCB Placement Advisor Dave Berndorff, whose job is finding jobs. “Jerry had the education and enthusiasm for work, he just didn't have any marketing experience,” says Berndorff. “I had some contacts at Harbourfront Centre and they agreed to provide Jerry a special unpaid work placement for three months.” The Harbourfront Centre people liked the first three months so much they asked if they could keep him for another three months. The WCB agreed.

“Jerry's a very fast learner,” says his boss, Harbourfront Centre's Director of Communications, Ellen Cole. “Not only that, but we discovered he had hidden depths. Jerry can sometimes come across as shy, but in front of a team of telemarketers he's confident, knowledgeable and convincing. He's able to tell them how to sell themselves and how to position the product.”

Jerry had niche marketed himself.

Harbourfront Centre was so impressed with Jerry's abilities that they offered him full-time work.

Harbourfront Centre's Cole: “I think it is a mutual exchange...it's wonderful to have someone with Jerry's background and experience here at Harbourfront Centre.”

It's been almost eight years since an annoying piece of paper changed Jerry Hughes' life. He candidly admits that he likely wouldn't have gone to school if the accident hadn't happened – let alone be marketing dance companies and Indian sitar and drum festivals. Determination, support from friends and family, and WCB staff and programs helped Jerry Hughes change adversity into a success. ■



### **Info Conference '93**

A worker playing the role of the WCB representative, an employer as treating physician, a union representative as the accident employer. Shuffle the key players involved in a workers' compensation claim and the result, says one participant, is “I will never again look at a case the same way.”

Looking at workers' compensation from different points of view and interests, sharing experiences and new perspectives with other partners in the process – through role-playing with a real case example – in many ways describes the essence of Info Conference '93, the WCB's second biennial information conference.

Held at the Sheraton Centre in Toronto on December 7–8, Info Conference '93 brought together a cross-section of WCB clients and interest groups from across the province for a series of small, interactive workshops and plenary sessions on a wide variety of workers' compensation issues. A capacity crowd of 700 delegates met face-to-face with WCB experts, from front-line staff to senior management, for in-depth discussion and answers to their questions on the issues that concern them most.

For the WCB's part, this event followed on the heels of a successful first conference in the fall of 1991, which allowed WCB staff to hear first-hand the concerns of clients and to discuss many complex issues in the appropriate context. Feedback received from many of the 350 participants at Info Conference '91 played an important part in shaping the 1993 conference. Delegates wanted more opportunity to meet directly with WCB experts on specific issues and to engage in more dialogue and discussion.

At Info Conference '93, role-playing was used by participants working through a real compensation claim during a 90-minute workshop on “Managing Your WCB Claims” – one of 20 workshop topics offered concurrently during the two-day event. “We wanted people to wear a different hat,” explains Wayne Weatherbee, Director of the WCB's Construction Integrated Service Unit and one of four presenters of this popular session. “Our goal was to reinforce the notion that everyone must have a return-to-work focus and that everyone involved has a different perspective on the case.” Says one participant, “Going in, I was sceptical about role-playing, but this was the best workshop I attended.”



***“Our goal was to reinforce the notion that everyone must have a return-to-work focus and that everyone involved has a different perspective on the case.”***



During pre-registration for the conference, offered on a first-come first-served basis at a nominal charge to cover expenses, delegates were asked to select up to six workshops from issues grouped around three major themes fundamental to WCB business. Under the themes Case Management, Financial Responsibility and New Directions, topics ranged from future economic loss awards to return to work programs, from assessment rates and classification to Schedule 2 issues, from occupational diseases to consultation and policy development. Based on registrant demand for these workshops, some sessions

were repeated up to nine times during the conference.

Delegates gave WCB presenters generally high ratings in some 2,000 evaluation forms completed. The most useful part of the conference, according to one participant, included

“open discussion, commitment from parties, and the energy, enthusiasm and honesty of all WCB representatives”. Wrote another, “the good choice of workshops, being able to meet people and their problems from other areas, and to be able to speak to WCB representatives of all levels of the WCB organization made the conference an excellent investment of my time”. As one respondent put it, “the concept of sharing – interaction with all stakeholders was invaluable”.

Confirmed WCB Vice-Chair of Administration Brian King: “The feedback has been extremely positive from stakeholders and our own WCB staff who attended the conference.” Through personal contacts, conference evaluation forms, and in letters and calls to the WCB, it’s clear that participants benefited from this unique exchange of information and views.

As one delegate expressed it, “Info Conference .... lifted the veil from the Workers’ Compensation Board – we met with WCB staff and saw them as real people trying to do a difficult job.” ■

## **Language Services**

Organizations located in Toronto, such as the Ontario Workers’ Compensation Board, can attest to a United Nations study that calls the city the most multicultural in the world.

In addition to French and English, the WCB routinely provides translation and interpreting services in Italian, Spanish and Portuguese. As well, emerging interpretation requests include Greek, Polish, Punjabi and Cantonese. The WCB also provides interpretation in some not so well-known languages. Recently, the WCB was asked to provide interpretation for an injured worker who spoke Twi – an east African tribal language. Not an everyday

request, but it was filled! When the WCB is called on to provide service in less familiar languages such as this, outside language specialists are used.

In using outside consultants, however, the WCB has discovered that command of a specific language is not enough; cultural sensitivity, confidentiality and good command of English are also essential requirements for good interpretation.

Outside interpreters also have to become knowledgeable in the work of the WCB. To this end the WCB is initiating a series of training sessions for interpreters so they understand such basics as assessments, claims processing, hearings, and the nature of work-related injuries.

Cheryl Tucker, Manager of Language Services, says, “Behind our efforts is the belief that we should ensure access to service and, once within the system, there will be a guarantee of fair and quality service for all.” ■

## Modified Work At Levi Strauss

Although Levi Strauss is one of the most widely known companies in the world, it's not quite so well known they have a modified work program in place that really gets results.

Lorna Mohamed is Training Manager and Ergonomics Leader at the Levi Strauss manufacturing plant in Stoney Creek, Ontario. She says, "Putting a modified work program in place takes time, but more and more companies are seeing how it contributes to staff morale. And it's also good for the firm's bottom line. A well-run modified work program tells employees you care about their welfare — and the company benefits by paying less in surcharges to the Workers' Compensation Board. If our program is good, it's because we've been perfecting it over the past five years."

The modified work program at Levi Strauss starts from the time a worker is employed with the company — each employee is advised of safety precautions and encouraged to make an early report of an accident. If a worker is absent due to injury the company's Health Services Department gets involved and monitors the progress of injured workers while they are off work. Sometimes the workers are recalled to see the firm's doctor to ensure they are getting appropriate and adequate treatment.

Lorna says, "We keep in touch with the injured worker and, provided we can keep within the limitations set by the doctor, we encourage the worker to return to light duties, and if necessary, a reduced work week. Right now, out of a workforce of 335 persons, we have 33 operators on modified work."

Years ago, Levi Strauss found that some of its supervisors were reluctant to take back any worker who wasn't completely healthy. This led management to create an education



program, one that had a mission statement to set the tone, as well as special training that explained why the company needs a modified work program, what the benefits are, and the important role supervisors must play to make it work.

Cutting and sewing are the crucial operations in a plant that manufactures approximately 13,000 pairs of jeans a day. So, not surprisingly, the 52 separate operations that go into the making of a pair of jeans can lead to repetitive strain injuries to an operator's wrists or neck — or both.

"In order to reduce such injuries," says Lorna, "we started a training course for all operators. We teach ergonomics basics — such things as the value of posture, the right degree of force to perform an operation, and how to deal safely with repetitive movements. We've found the right training can make a dramatic difference to the number of injuries that take place in the workplace. That's good for the firm's productivity and, just as important, it's good for the worker's well-being." ■

***“There are almost 2,000 modified work programs that we know of in Ontario, almost all of them of recent origin. And this statistic undoubtedly accounts for a large part of our success in reducing the average time between accidents and return to work during the last two years.”***

**Odoardo Di Santo to the  
Standing Committee on  
Government Agencies of  
the Ontario Legislature,  
September 13, 1993.**

**Contact the nearest WCB  
office for information about  
setting up a modified work  
program at your place of work.**



## Reaching Out To Employers - Toronto West Breaks Down Barriers

Necessity is the mother of invention or in the case of the WCB's Toronto West Integrated Service Unit, the mother of instruction. Vocational Rehabilitation Specialists, Richard Wotherspoon and Clive Anderson found they were spending a lot of time explaining the inner workings of the WCB to employers instead of doing what vocational rehabilitation specialists do — getting injured workers back on the job safely and productively.

“Richard and Clive concluded that one session with 60 employers would be more expedient than 60 one-on-one sessions,” says Toronto West Director Joy Reymond.

The first session in 1993 turned out to be so successful that Toronto West decided they were on to something, so unit staff organized a second session, which drew another 50 employers. Clearly, the information sessions, aptly titled “Demystifying the WCB” met a client need.

It's a matter of getting on with the business of workers' compensation. “We're not here to debate policies but to help you work with us,” stressed director Joy Reymond in her opening remarks. “We want to show you who we are, the people working for and with you as we all focus on the ultimate goal of all our efforts — returning injured workers to work.”

Employers, adjudicators, vocational rehabilitation caseworkers, modified work specialists and placement advisors all benefit from the face-to-face contact the sessions foster.

“Saying you are committed to reaching out to clients is commendable,” says Joy Reymond. “Committing scarce resources to getting out and improving relationships with our clients is what matters.” It is also part of an important shift at the WCB — a reorientation towards knowing and serving the client better. One employer put it effectively: “It is great to be able to put a face to a name you know at the Board.”

The audience gets first hand information: How to complete forms; why it's so important to provide complete and accurate information; and how good information at the beginning can avoid confusion, frustration and long, drawn-out appeals.



First-hand information also comes in the form of an employer who has successfully used the techniques and information taught in the seminar.

Donna Aldred, Occupational Health & Safety Co-ordinator at Northwestern Hospital, brought home the information that had been given at the seminar.

“In the past, hospitals faced with health and safety surcharges relied on the Ministry of Health to bail them out. Not anymore. If we wanted to stay open . . . we realized we had to make some serious changes in the way we deal with injured workers.” You could have heard a pin drop as Donna described how, in the space of five years, efforts to provide a flexible, professional modified work program paid off in the best way possible. Northwestern turned their \$121,000 surcharge deficit into a \$588,000 rebate over four years. That means money for jobs and equipment.

Comments from evaluation forms verify employer satisfaction: “Great seminar. Lots of valuable information.” “It's great to see the WCB taking a common sense approach to getting injured people back to best productivity in the quickest time.” ■

***“If we wanted to stay open... we realized we had to make some serious changes in the way we deal with injured workers.”***

## Personal Touch Helps Land Jobs For Clients

As his title infers, Placement Advisor Gord Van Clieaf's responsibility at the WCB is to match injured workers who are ready to go back to work with suitable employment.

At a time of renewed emphasis on rehabilitation and return to work at the WCB, Gord's role in his Central Ontario East territory is taking on even more importance.

"Basically, I'm a salesperson," says Gord. "I'm selling the skills and qualifications of the injured workers referred to me."

Gord has had considerable success. Although specific employment figures are difficult to establish, he has probably been responsible for 200 job placements in the past year.

"One bad placement match can spoil your reputation built up over years of hard work," he says. For this reason he emphasises personal contact with both worker and potential employer.

Gord's key functions are to identify job opportunities and facilitate job placement for workers. The help that he provides runs from finding specific jobs for specific individuals to a four-day creative job search techniques program. He keeps an eye on the employment trends in Central Ontario East.

Gord works very closely with caseworkers, who also have job placement responsibilities with their clients. He will keep caseworkers up-to-date on employment trends and exchange employment information for all clients when needed.

Although his office is located at the WCB head office in Toronto, Gord spends most of his time on the road. His Central Ontario East area covers both rural and urban communities and includes 7,300 employers.

Over the past year he held 20, four-day job search workshops in different cities and towns. The program includes the development of such skills as how to identify potential companies, resume writing and interview skills.

He says about 50 per cent of injured workers taking the job search program find employment within three months. "They do it themselves and gain a considerable amount of confidence in the process," says Gord.

Much of the success he has encountered is through a concentration on small employers who are creating many of the new jobs. In addition to training injured workers to find their own jobs, Gord does a mass mailing three times a year to small employers who want to hire one person. He explains the WCB incentive program to the employer and personally visits each one who responds. He shares the information with other placement advisors and caseworkers.

Gord says that in this way 70–80 injured workers are placed in jobs per campaign.

A major reason for his success, Gord feels, is the personal approach he takes. He tries to meet each and every employer to whom he refers injured workers. And he personally meets every injured worker he will be placing.

Even in a large bureaucracy, the personal touch can make a difference. ■



***"Basically, I'm a salesperson," says Gord. "I'm selling the skills and qualifications of the injured workers referred to me."***



**Workers' Compensation Board  
Year Ended December 31, 1993**

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# management discussion and analysis

The analysis below is intended to provide readers of this annual report with insight and understanding into the operating performance and financial position of the Workers' Compensation Board (WCB).

## Introduction

The WCB was created under the *Workers' Compensation Act* (the *Act*) with the mandate to administer the *Act* for the workplace parties including two groups of employers referred to as Schedules 1 and 2 employers. The WCB does not receive funding from the government, but derives its revenue from levies based on the assessable payrolls of Schedule 1 employers as well as from reimbursements by Schedule 2 employers for claims paid by the WCB on their behalf and the cost of administering those claims. As opposed to Schedule 1 employers who are insured through "collective liability," Schedule 2 employers are "self-insurers"; they are individually liable for the cost of their claims and related administrative expense.

Investment revenue is also earned from a diversified portfolio held to meet future obligations on existing claims. The major expense of the WCB is benefits expense on claims arising from injuries incurred in the course of employment or from contracting an occupational/industrial disease. In addition, the WCB incurs administrative and other expenses in the course of managing its various functions and responsibilities under the *Act*. The WCB is also directed by the *Act* to make payments to meet legislated obligations.

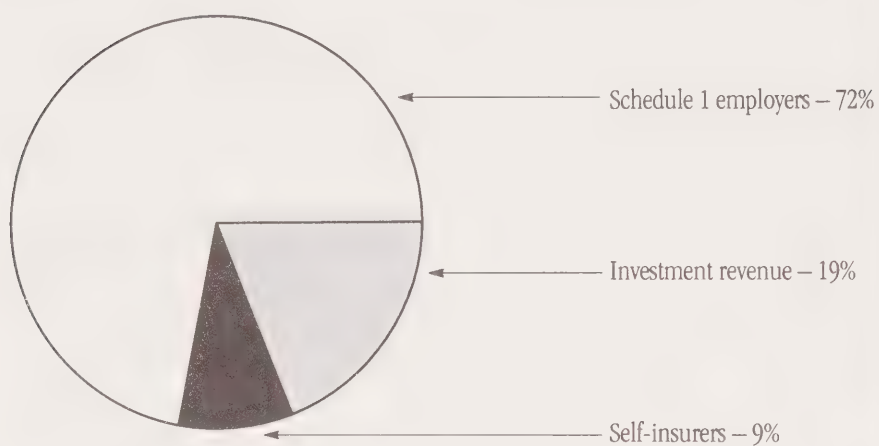
## Performance Overview

Since both the WCB's revenue and expenses are dependent on business activity in the province, the WCB's operational results are very sensitive to changes in the Ontario economy. In 1993, even though there were signs of improvement, the economy continued to experience weak consumer spending and low investor confidence. While some businesses have downsized and reduced staff to remain viable there are others that have experienced financial difficulties that were too extensive to overcome. At the same time, the economy is experiencing a restructuring to become more service oriented.

Contrary to the negative impact of the economy on assessment revenue, the reduction in covered employment and the change in employment mix have helped to lower benefits expense. The continued low level of inflation has also allowed the WCB to reduce the provision for future benefit payments on current claims. All these factors combined contributed to one of the best years' performance in the past decade.

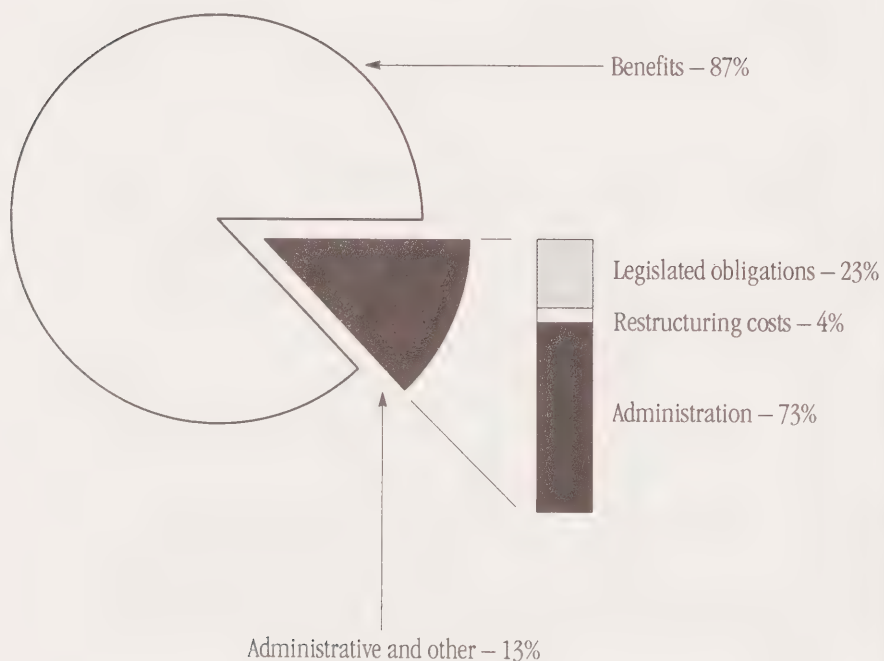
(\$ millions)	1993	1992	%(Decrease) / Increase
Revenues			
Assessment	\$ 2,283	\$ 2,528	(9.7)
Investment	521	453	15.0
	<u>2,804</u>	<u>2,981</u>	(5.9)
Expenses			
Benefits	2,865	3,218	(11.0)
Administrative	327	347	(5.8)
Restructuring costs	16	—	—
Legislated obligations	100	97	3.1
	<u>3,308</u>	<u>3,662</u>	(9.7)
Deficiency from operations	\$ 504	\$ 681	(26.0)

## Revenue - Where the money comes from



	(\$ millions)	
	1993	1992
Assessments from Schedule 1 employers	\$ 2,015	\$ 2,259
Investment revenue	521	453
Reimbursements from Self-insurers	268	269
	<b>\$ 2,804</b>	<b>\$ 2,981</b>

## Expenses - Where the money goes



	(\$ millions)	
	1993	1992
Benefits	\$ 2,865	\$ 3,218
Administrative and other		
Administration	327	347
Restructuring costs	16	-
Legislated obligations	100	97
	<b>\$ 3,308</b>	<b>\$ 3,662</b>

The deficiency from operations has been decreasing since 1991. In 1993, it was 26.0 per cent lower than in 1992 and 60.0 per cent lower than in 1991. This improvement has been achieved because benefit expenses have declined faster than revenues.

The administrative expenses of the WCB were contained at their 1991 level even after accounting for restructuring costs. The restructuring cost of \$16 million is a non-recurring item which includes all costs related to the early retirement programs and redeployment initiatives in 1993. These initiatives will result in further administrative cost savings in future periods.

Total assets in 1993 increased by 1.0 per cent to \$6.7 billion, with the unfunded liability at \$11.5 billion, a 4.6 per cent increase over 1992. The unfunded liability is the excess of the present value of the WCB's obligations over its assets.

## Assessment Revenue

(\$ millions)

	1993	1992	%(Decrease)
Schedule 1	\$ 2,015	\$ 2,259	(10.8)
Self-insurers	268	269	(0.4)
	<u>\$ 2,283</u>	<u>\$ 2,528</u>	(9.7)

The 1993 assessment revenue is comprised of levies on assessable payroll of Schedule 1 employers, as well as reimbursements from self-insurers for claims paid by the WCB on their behalf and the administrative costs of those claims. Within the assessment rate levied under Schedule 1 of the *Act*, a portion is earmarked for the retirement of the unfunded liability, with the balance being allocated towards the costs of payment and administration of claims for injuries that occurred in the year.

A new employer classification structure was introduced effective January 1, 1993. Employer operations have been grouped together more closely and consistently based on similar types of business activities and injury risks. The new structure divides employer operations into nine industry classes. For the purpose of accurate classification and assessment, employers are further divided into rate groups. Where previously there were 108 rate groups, there are now 219 groups. Transitional rules were applied to 1993 assessment rates to cushion the immediate effect of these changes.

The amount of assessment revenue has been affected adversely over recent years as the province confronted the most serious economic downturn since the 1930s. In 1993, approximately 39,000 Schedule 1 employers closed down – a 30 per cent increase from 1992, while only 22,000 new Schedule 1 employers registered with the WCB – no change from 1992.

With the economic downturn, the Ontario economy has experienced a major restructuring; it has become more technology and service oriented with the dominance of the traditional industrial sectors rapidly diminishing. Since 1988, the number of employees covered by workers' compensation in the high assessment rate sectors, particularly manufacturing and construction, has decreased by approximately 25 per cent.

The net effect of bankruptcies, closures, decline in covered employment, higher net experience rating refunds, as well as changes in employment mix was a \$244 million or a 10.8 per cent reduction in the WCB's Schedule 1 assessment revenue for the year to \$2,015 million.

Business closures and bankruptcies have resulted in an increase in the amount charged against assessment revenue to provide for doubtful accounts. The amount charged to the Schedule 1 assessment revenue in 1993 was \$201 million.

The WCB also operates experience rating programs designed to promote workplace health and safety. These programs provide a financial incentive of refunds on assessments to encourage employers to invest time and money in making the workplace safer. As a result of a lower accident rate and a lower average cost of new claims in 1993, the net amount refunded to employers, together with amounts provided for refunds not yet due, increased to \$295 million (1992 – \$108 million).

The unfavourable effect of changes in employment level and mix on assessment revenue has been partially offset by a higher assessable earnings ceiling in addition to a slight increase in average assessable wages in 1993. The assessable earnings ceiling for a given year is calculated in accordance with the *Act*, and is equivalent to 175 per cent of the average industrial wage for Ontario as published by Statistics Canada. In 1993 the assessable earnings ceiling increased to \$52,500 (1992 – \$50,800) while the average assessable wage increased by about 2 per cent.



## Benefits

The benefits expense includes an estimate of the costs related to compensable injuries which occur in the year, together with adjustments to previous years' estimates. The estimate takes into account both reported and unreported injuries.

The liability for future benefits payments is actuarially determined and considers the frequency and cost of injuries actually experienced over a number of years and is adjusted to reflect current trends. Although the liability involves estimates and judgement by management, the amount provided for unpaid claims is considered to be sufficient.

The current year's injuries will result in benefits payments over a number of years. The majority of payments paid in any year result from prior years' claims. The benefits liability represents the present value of future benefits payments. The future payments are discounted to current value using a real discount rate of 3 per cent. This rate assumes that investments, in the long term, will earn a rate of return exceeding inflation by 3 per cent.

The increase in benefits liability is recorded in the benefits expense for the year. The benefits expense for the year includes any payments made with respect to the current year's claims and the discounted value of the future payments with respect to those claims, as well as adjustments relating to prior years.

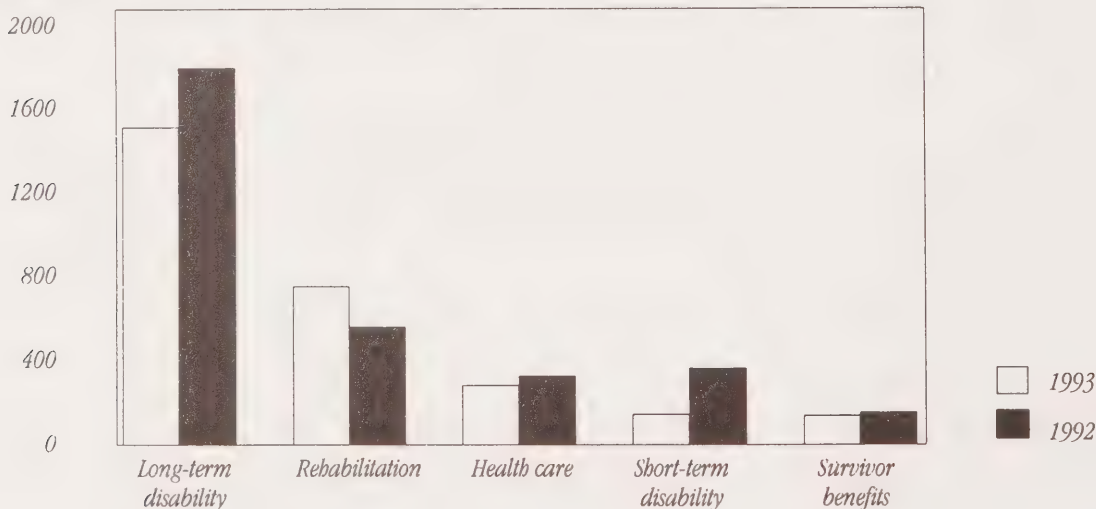
The benefits liability does not include any liability for claims relating to self-insurers which are considered to be liabilities of the individual self-insurers under the *Act*.

(\$ millions)	1993	1992	%(Decrease) / Increase
<b>Benefits liability</b> , beginning of year	\$ 17,200	\$ 16,440	4.6
<b>Benefits expense</b> , for the year			
Schedule 1	2,600	2,970	(12.5)
Self-insurers	235	234	0.4
	<u>20,035</u>	<u>19,644</u>	2.0
<b>Benefits paid</b> , during the year			
Schedule 1	(2,200)	(2,210)	(0.5)
Self-insurers	( 235)	( 234)	0.4
	<u>(2,435)</u>	<u>(2,444)</u>	(0.4)
<b>Benefits liability</b> , end of year	<u>\$ 17,600</u>	<u>\$ 17,200</u>	2.3

The changes in employment patterns in the province and lower accident frequency have combined to reduce benefits expense for the second year to \$2,835 million. The historically low rate of inflation, which is used in the indexation of benefit payments to injured workers, has also contributed to the low benefits expense.

## Benefits Expense

(\$ millions)



In addition, emphasis on staff training, case management and more effective rehabilitation has had a positive effect on benefits expenses. The average short-term disability cost has dropped to below 1990 levels and the average short-term duration has dropped to 11.9 weeks (1992 – 14.5 weeks), the lowest level since 1987. The average cost has not dropped as dramatically as the duration due to the increasing pre-injury earnings of injured workers.

Injured workers with temporary total or partial injuries are awarded short-term disability payments, whereas future economic loss (FEL) awards are given to those with permanent impairment subject to a 24th and 60th month review after initial determination. Based on Bill 162 which came into force on January 2, 1990, an injured worker with permanent impairment can also receive a non-economic loss (NEL) award, in addition to the FEL award, with the amount depending on the degree of injury and age of the injured worker. In 1993, the WCB experienced a decrease in short-term disability payments, however, the decrease was more than offset by payments to those with long-term disabilities.

Short-term payments declined \$102 million (17.3 per cent) whereas long-term payments increased \$129 million (13.3 per cent). Long-term payments amounted to \$1,102 million in 1993 (1992 – \$973 million). Most of the increase in long-term benefits paid is related to FEL and NEL awards. Worker pensions payments which are payable for life were \$692 million, about the same level as in 1992. The legislated inflation impact was 1.6 per cent (1992 – 4.4 per cent).

### Short-term Disability

(\$ millions)

	1993	1992	%(Decrease)
<b>Benefits liability</b> , beginning of year	\$ 962	\$ 1,188	(19.0)
<b>Benefits expense</b> , for the year			
Schedule 1	77	288	(73.3)
Self-insurers	69	76	(9.2)
	<u>1,108</u>	<u>1,552</u>	(28.6)
<b>Benefits paid</b> , during the year			
Schedule 1	(419)	(514)	(18.5)
Self-insurers	(69)	(76)	(9.2)
	<u>(488)</u>	<u>(590)</u>	(17.3)
<b>Benefits liability</b> , end of year	<u>\$ 620</u>	<u>\$ 962</u>	(35.6)

### Long-term Disability

(\$ millions)

	1993	1992	%(Decrease) / Increase
<b>Benefits liability</b> , beginning of year	\$ 13,456	\$ 12,632	6.5
<b>Benefits expense</b> , for the year			
Schedule 1	1,416	1,708	(17.1)
Self-insurers	97	89	9.0
	<u>14,969</u>	<u>14,429</u>	3.7
<b>Benefits paid</b> , during the year			
Schedule 1			
Worker pensions	(623)	(621)	0.3
Supplements	(155)	(158)	(1.9)
Future economic loss	(120)	(59)	103.4
Non-economic loss	(107)	(46)	132.6
Self-insurers			
Worker pensions	(69)	(70)	(1.4)
Supplements	(12)	(12)	—
Future economic loss	(7)	(3)	133.3
Non-economic loss	(9)	(4)	125.0
	<u>(1,102)</u>	<u>(973)</u>	13.3
<b>Benefits liability</b> , end of year	<u>\$ 13,867</u>	<u>\$ 13,456</u>	3.1

## Administrative and Other Expenses

During 1993, the WCB continued its efforts to control costs through more effective and efficient use of resources. Staff were redeployed to front-line positions to improve service delivery and, at the same time, early retirement options were offered to qualified staff. The WCB also investigated and implemented various initiatives to automate and streamline work methods in the operating areas. As a result of such initiatives, total administrative costs for 1993 were \$343 million, a \$4 million or 1.2 per cent reduction from 1992.

Total administrative expenses include restructuring costs of \$16 million for organizational initiatives taken in the fourth quarter of the year, relating to early retirement and redeployment programs. These initiatives, together with regular staff retirements and terminations, have combined to reduce the staffing level of the WCB by 3.2 per cent to 4,751 at year end 1993 (4,909 – 1992). The benefits from these organizational initiatives started being realized in the fourth quarter of 1993 and will continue in subsequent years.

## Legislated Obligations

The WCB is obligated by legislation to fund the administration of agencies such as the Workplace Health and Safety Agency which supports the operations of medical clinics, training centres and accident prevention associations, as well as the programs of the *Occupational Health and Safety Act*, the Workers' Compensation Appeals Tribunal, the Office of the Worker Adviser, the Office of the Employer Adviser, Mine Rescue Stations, and the Industrial Disease Standards Panel. The amount of funding requested by these agencies is approved by the Minister of Labour.

Funding for legislated obligations amounted to \$100 million in 1993, an increase of \$3 million or 3.1 per cent over 1992. This increase was due primarily to providing \$62 million to the Workplace Health and Safety Agency in 1993, an increase of \$2 million over the previous year. The \$62 million also includes an amount of \$4 million for funding Occupational Health Clinics. The WCB is required by the *Workplace Health and Safety Act* to fund the Agency.

## Investments

The Investment Fund of the WCB was established to provide a reserve to fund the future benefits payments in respect of injuries already sustained. Cash revenues in excess of current payments of benefits and other expenses are invested in the Fund to provide for these future payments.

Revenue from investments for the year was \$521 million, an increase of \$68 million over the previous year. This increase was largely attributable to the performance of the equity portfolio which accounts for 31.3 per cent of invested assets.

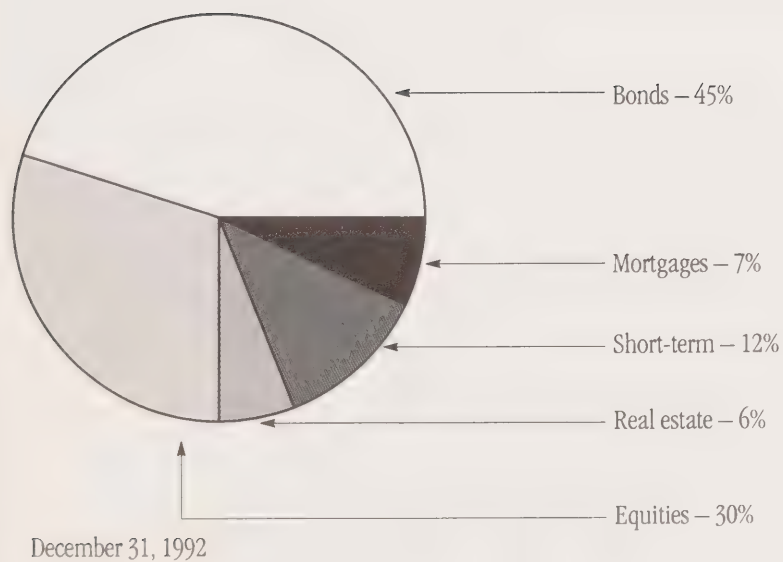
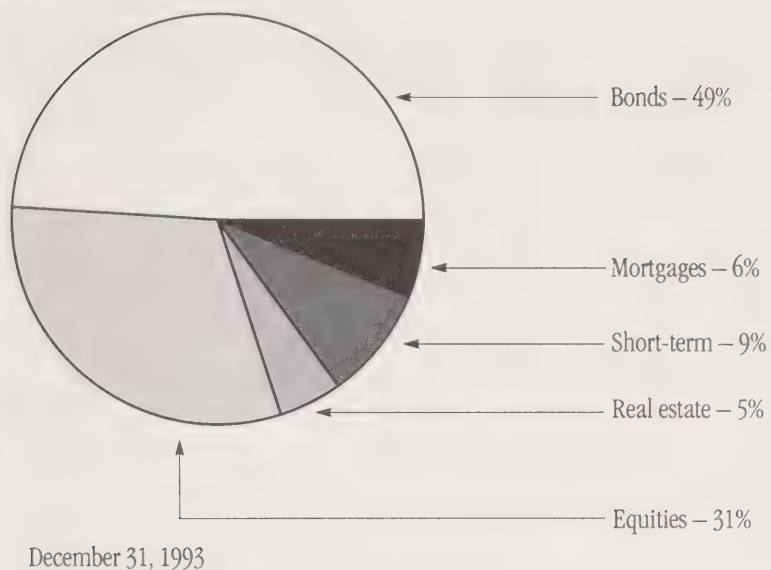
The WCB reflects market changes by adjusting the carrying value of equity and real estate investments towards the market value over five years, in accordance with generally accepted accounting principles. The carrying value of the investments at year end 1993 was \$5,814 million compared to \$5,729 million in 1992, an increase of \$85 million. The market value of investments increased to \$6,814 million, an increase of \$710 million even though \$400 million was transferred to WCB operations during the year (1992 – \$400 million).

The investment objective of the Fund, over the long term, is to achieve a rate of return of 3 per cent above the rate of inflation. The actual annualized returns, as reported by an independent measurement service, for the current year and for the three, five and ten years ending December 31, 1993 were:

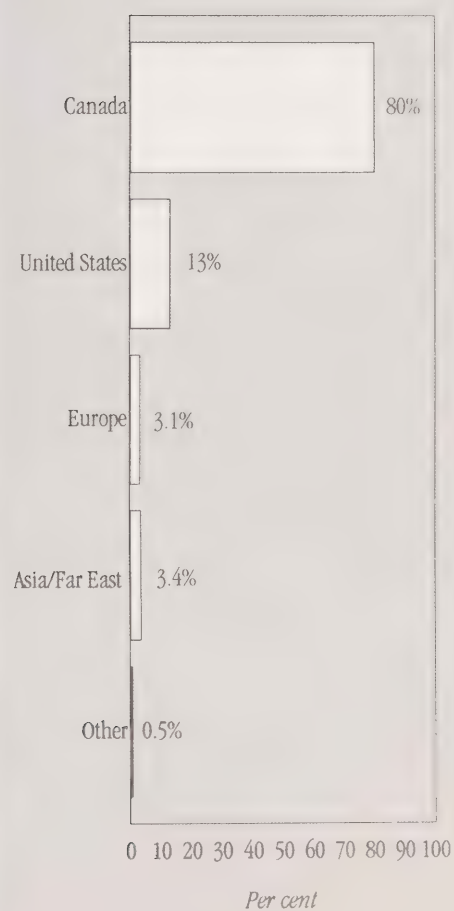
	<i>One Year</i>	<i>Three Years</i>	<i>Five Years</i>	<i>Ten Years</i>
Rate of return above inflation	17.8%	12.5%	8.5%	8.3%
Total rate of return	19.6%	15.1%	12.2%	12.2%



## Asset Mix (Investment Fund)



## Geographic Distribution (Investment Fund)





## **Injured Workers' Retirement Fund**

The Injured Workers' Retirement Fund was established under the *Act* to provide a retirement pension at age 65 for workers who sustain an injury on or after January 2, 1990, and are granted an award for future economic loss. The WCB sets aside, in a separate retirement fund, an amount equivalent to 10 per cent of every FEL award and FEL supplement paid to these workers. In 1993, the amount set aside for Schedule 1 workers was \$24 million and \$1 million for workers of self-insurers. At the end of 1993, the value of the fund was \$46 million, a \$30 million increase during the year.

## **Outlook**

Although a modest economic recovery is underway, not all sectors of the economy have participated equally. The outlook for those sectors covered by the WCB indicates a possible further decline in employment in 1994 with the major decreases occurring in traditionally "high-risk" and high-assessment rate industries. It is expected that the 1994 revenue level will remain close to that of 1993. The trend toward fewer lost-time injuries from lower employment, lower accident frequency and improved service delivery is projected to continue in 1994.

Revenue comparable to the 1993 level combined with relatively low benefits expense and planned reductions in administrative costs, is anticipated to moderate the growth in the unfunded liability.

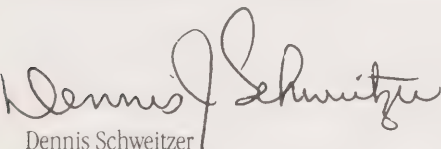
# **b**alance sheet

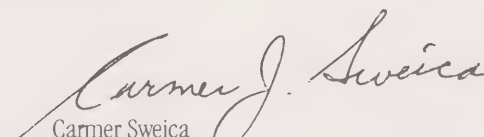
## **Workers' Compensation Board Balance Sheet December 31, 1993**

(\$ millions)

	1993	1992
<b>Assets</b>		
Cash and cash equivalents	\$ 370	\$ 252
Receivables	304	485
Investments (note 3)	5,814	5,729
Injured Workers' Retirement Fund (note 4)	46	16
Capital assets (note 5)	79	70
Other assets	46	44
	<u>\$ 6,659</u>	<u>\$ 6,596</u>
<b>Liabilities</b>		
Payables and accruals	\$ 413	\$ 343
Deposits	57	52
Project financing (note 6)	75	13
Injured Workers' Retirement Fund (note 4)	46	16
Benefits liability (note 7)	17,600	17,200
	<u>18,191</u>	<u>17,624</u>
<b>Unfunded Liability</b>	<u>(11,532)</u>	<u>(11,028)</u>
	<u>\$ 6,659</u>	<u>\$ 6,596</u>

On behalf of the Board of Directors:

  
Dennis Schweitzer  
Director

  
Carmer Sweica  
Director

*The accompanying notes form an integral part of the financial statements.*

# **S**tatement of operations and unfunded liability

## **Workers' Compensation Board Statement of Operations and Unfunded Liability For the Year Ended December 31, 1993**

(\$ millions)

	1993	1992
<b>Revenues</b>		
Assessment		
Current	\$ 1,969	\$ 2,171
Unfunded liability	314	357
Investment (note 3)	521	453
	<u>2,804</u>	<u>2,981</u>
<b>Expenses</b>		
Benefits (note 7)		
Long-term disability	1,513	1,797
Rehabilitation	753	561
Health care	284	327
Short-term disability	146	364
Survivor benefits	139	155
	<u>2,835</u>	<u>3,204</u>
Transfers to Injured Workers'		
Retirement Fund (note 4)	30	14
Administrative and other (note 8)	343	347
Legislated obligations (note 9)	100	97
	<u>3,308</u>	<u>3,662</u>
<b>Deficiency from Operations</b>	504	681
<b>Unfunded Liability</b> , beginning of year	11,028	10,347
<b>Unfunded Liability</b> , end of year	<u>\$ 11,532</u>	<u>\$ 11,028</u>

*The accompanying notes form an integral part of the financial statements.*

# **S**tatement of cash flows

## **Workers' Compensation Board Statement of Cash Flows For the Year Ended December 31, 1993**

(\$ millions)

	1993	1992
<b>Cash Flows from Operating Activities</b>		
Cash received from:		
Employers, for assessments	\$ 2,532	\$ 2,545
Investments	246	266
	<u>2,778</u>	<u>2,811</u>
Cash paid to:		
Claimants, survivors and care providers	(2,435)	(2,444)
Injured Workers' Retirement Fund	(30)	(14)
Employees and suppliers for administrative goods and services	(329)	(330)
Others under legislated obligations	(100)	(97)
	<u>(2,894)</u>	<u>(2,885)</u>
<b>Net cash used by operating activities</b>	<b>(116)</b>	<b>(74)</b>
<b>Cash Flows from Financing Activities</b>		
Cash received from:		
Project financing	75	13
Self-insurers as deposits	5	9
	<u>80</u>	<u>22</u>
Cash paid for:		
Project financing	(13)	—
<b>Net cash provided by financing activities</b>	<b>67</b>	<b>22</b>
<b>Cash Flows from Investing Activities</b>		
Cash received from:		
Sales and maturities of investments	2,258	1,555
Net sales of short-term securities	409	—
	<u>2,667</u>	<u>1,555</u>
Cash paid for:		
Purchases of investments	(2,478)	(1,281)
Net purchases of short-term securities	—	(137)
Net purchases of capital assets	(22)	(35)
	<u>(2,500)</u>	<u>(1,453)</u>
<b>Net cash provided by investing activities</b>	<b>167</b>	<b>102</b>
<b>Increase in Cash and Cash Equivalents</b>	<b>118</b>	<b>50</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>252</b>	<b>202</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 370</b>	<b>\$ 252</b>

The accompanying notes form an integral part of the financial statements.



# **n**otes to the financial statements

**December 31, 1993**  
**(\$ millions)**

## **1. Nature of Operations**

The Workers' Compensation Board (WCB) is a Crown Agency created by an *Act* of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*), R.S.O. 1990.

The WCB administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the WCB's Accident Fund. Schedule 2 relates to employers who are "self-insured," in that they are individually liable. The same applies to the federal government, which is covered under a separate agreement with Labour Canada. The WCB pays the actual cost of claims for workers of self-insurers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims.

The WCB does not receive government funding or other assistance and raises funds through assessments on the payrolls of employers covered under the *Act*, in order to provide compensation to workers or survivors of the workers who are injured in the course of employment or who contract an occupational/industrial disease.

## **2. Significant Accounting Policies**

The financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are summarized as follows:

### **Cash and cash equivalents**

Cash and cash equivalents are operating funds consisting of cash and money market instruments with maturities of less than 6 months.

### **Investments**

#### **a) Bonds, coupons and mortgages**

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

#### **b) Equities and real estate**

Equities and real estate are carried at cost adjusted towards market value, using a moving average market method based on five years. Realized gains and losses are deferred and amortized over a five-year period.

#### **c) Short-term securities**

Short-term securities consist of money market instruments with maturities of less than 12 months from the date of purchase and are carried at amortized cost. Gains and losses from sales are included in income in the year they occur.

#### **d) Foreign currency translation**

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

### **Injured Workers' Retirement Fund**

Investments held in the Injured Workers' Retirement Fund are carried at market value. Changes in market fluctuations are taken into income in the year they occur or are realized.

### **Capital assets and depreciation**

Capital assets are stated at cost. Capital assets, excluding land, are depreciated using the straight-line method at rates calculated to expense the cost of assets over the estimated useful lives. Construction-in-progress is stated at cost and represents the WCB's pro rata share of cost. Depreciation commences when the asset becomes fully operational.

## Assessment revenue

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Act*, adjusted for claim experience, where relevant. Assessment rates include a component for unfunded liability.

Included in assessment revenue are reimbursements by self-insurers for claims paid, as well as for the cost of administering the claims.

## Benefits liability

The benefits liability is based on the level and nature of entitlements and actuarial determinations. Estimates for reported and unreported claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgemental factors are included in the determination of unpaid claims, particularly those relating to Bill 162, management believes the amounts provided for unpaid claims are adequate. Adjustments, if any, resulting from continuous review of entitlements and experience, availability of new information, and actuarial evaluations will be recorded in future accounting periods when such adjustments become known. The benefits liability has been discounted to present value, using a real interest rate of 3 per cent.

The benefits liability does not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers.

Provision has not been made for future administration costs of existing claims, arising in whole, or in part, from employment prior to December 31, 1993. Similarly, provision has not been made for the cost of claims for occupational/industrial diseases, or for the cost of existing claims for diseases and injuries that are not currently considered to be work-related, but may in the future be considered to be work-related.

## 3. Investments and Investment Revenue

		1993		1992	
		Carrying Value	Market Value	Carrying Value	Market Value
<b>Fixed Income Securities</b>					
Bonds	— Government	\$ 305	\$ 343	\$ 292	\$ 306
	— Corporate	796	866	955	960
Coupons		1,708	2,130	1,324	1,512
Mortgages		368	387	403	415
		3,177	3,726	2,974	3,193
<b>Equities</b>					
Domestic		655	783	620	611
Foreign	— U.S.	443	611	429	564
	— Global	622	811	657	697
		1,720	2,205	1,706	1,872
<b>Real Estate</b>		345	309	341	331
<b>Short-term securities</b>					
Money market instruments		531	533	657	657
Accrued investment income		41	41	51	51
		\$ 5,814	\$ 6,814	\$ 5,729	\$ 6,104

Included in the carrying value of investments are deferred realized net gains of \$230 million (1992: \$67 million) and amortized unrealized net gains of \$145 million (1992: \$82 million).

The WCB engages in a securities lending program whereby investments are loaned to borrowers, approved by the Investment Fund's custodian, for a fee, against high quality collateral. At December 31, 1993, the market value of securities on loan was \$483 million (1992: \$77 million).

Revenue by category of investment is as follows:

	1993	1992
Bonds	\$ 121	\$ 141
Coupons	154	130
Equities	162	82
Mortgages	39	44
Short-term securities	41	44
Real estate	6	20
	<u>523</u>	<u>461</u>
Injured Workers' Retirement Fund	5	—
Investment expenses	(7)	(8)
Investment revenue	<u>\$ 521</u>	<u>\$ 453</u>

In 1993, \$109 million (1992: \$30 million) of realized and unrealized net gains, were amortized to investment revenue.

#### 4. Injured Workers' Retirement Fund

Under section 44 of the *Act*, the WCB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of the *Act*. In accordance with the provisions of the *Act*, these funds are segregated from the WCB's Accident Fund and are invested to provide for retirement pension payments to injured workers.

The market value of investments at December 31 is as follows:

	1993	1992
Bonds	\$ 24	\$ 7
Coupons	21	3
Money market instruments	—	6
Accrued investment income	1	—
	<u>\$ 46</u>	<u>\$ 16</u>

#### 5. Capital Assets

	1993		1992	
	Cost	Net Book Value	Net Book Value	Depreciation Rate %
Land	\$ 7	\$ 7	\$ 7	—
Construction-in-progress	37	37	21	—
Buildings	11	2	3	2 ½
Leasehold improvements	6	1	1	10
Equipment	79	32	38	20
	<u>\$ 140</u>	<u>\$ 79</u>	<u>\$ 70</u>	

## 6. Project Financing

The WCB is a 75% participant in a co-ownership agreement to develop and construct an office building. In 1993, the WCB repaid the interim financing obtained in 1992 and entered into a long-term mortgage loan agreement to partially fund the project. The mortgage loan is secured by the project and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually. As at December 31, 1993, \$74 million of the mortgage loan was held in the form of cash and money market instruments to be applied to the development and construction of the office building.

Up to \$24 million of additional financing is available to the WCB under the above mortgage loan agreement subject to the fulfillment of certain conditions.

## 7. Benefits Liability

The movement in benefits liability during 1993 was as follows:

	1993						1992
	<i>Long-term Disability</i>	<i>Rehabil- itation</i>	<i>Health Care</i>	<i>Short-term Disability</i>	<i>Survivor Benefits</i>	<i>Total</i>	<i>Total</i>
<b>Benefits liability</b> , beginning of year	\$ 13,456	\$ 506	\$ 1,093	\$ 962	\$ 1,183	\$ 17,200	\$ 16,440
<b>Benefits expense</b> , for the year	1,513	753	284	146	139	2,835	3,204
	14,969	1,259	1,377	1,108	1,322	20,035	19,644
<b>Benefits paid</b> , during the year							
Schedule 1	(1,005)	(465)	(225)	(419)	(86)	(2,200)	(2,210)
Self-insurers	(97)	(33)	(26)	(69)	(10)	(235)	(234)
	(1,102)	(498)	(251)	(488)	(96)	(2,435)	(2,444)
<b>Benefits liability</b> , end of year	\$ 13,867	\$ 761	\$ 1,126	\$ 620	\$ 1,226	\$ 17,600	\$ 17,200

Benefits paid consist of the following:

	Schedule 1		Self-insurers	
	1993	1992	1993	1992
<b>Long-term disability</b>				
Worker pensions	\$ 623	\$ 621	\$ 69	\$ 70
Supplements	155	158	12	12
Future economic loss	120	59	7	3
Non-economic loss	107	46	9	4
	1,005	884	97	89
<b>Rehabilitation</b>	465	499	33	36
<b>Health care</b>				
Health care	201	206	23	21
Medical reports	24	20	3	2
	225	226	26	23
<b>Short-term disability</b>	419	514	69	76
<b>Survivor benefits</b>	86	87	10	10
	\$ 2,200	\$ 2,210	\$ 235	\$ 234



## 8. Administrative and Other Expenses

Administrative and other expenses consist of the following:

	1993	1992
Salaries and employee benefits	\$ 249	\$ 262
Equipment maintenance and depreciation	22	25
Occupancy	18	17
Communication	12	13
Supplies and services	9	11
Miscellaneous	11	13
Travel and vehicle maintenance	5	5
	<hr/> 326	<hr/> 346
Restructuring costs	16	—
Farm Safety Association	1	1
	<hr/> \$ 343	<hr/> \$ 347

## 9. Related Party Transactions

### Legislated obligations

The WCB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The WCB is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Industrial Disease Standards Panel, the Workplace Health and Safety Agency (WHSA) and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour and, in certain instances, the WCB is directed by the Lieutenant Governor through Orders in Council to make those payments. The total amount of funding provided under these legislated obligations in 1993 was \$100 million (1992: \$97 million).

The WCB is required to provide funding of \$66 million (1993: \$62 million) to the WHSA for the 1994 calendar year, which was paid on January 4, 1994.

### Ontario Workers' Compensation Institute

The WCB also provides funding for the Ontario Workers' Compensation Institute (OWCI). The funding provided in 1993 was \$5 million (1992: \$4 million). These expenses are included in administrative and other expenses.

### Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations for \$723 million (1992: \$368 million).

### Other

In addition to the legislated obligations, accident prevention expenses and funding for OWCI referred to above, the financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices, with various Ontario government-controlled ministries, agencies, and Crown corporations with which the WCB may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

## 10. Commitments and Contingencies

### Leases

At December 31, 1993, the WCB was committed under non-cancellable leases requiring future minimum payments as follows:

1994	\$ 14
1995	16
1996	7
1997	5
1998	4
Beyond five years	60
	<u>\$ 106</u>

At December 31, 1992, total future minimum payments were \$111 million.

### Investment commitments

At December 31, 1993, outstanding investment commitments amounted to \$77 million (1992: \$16 million), primarily consisting of commitments to future mortgage advances.

### Legal actions

The WCB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material adverse effect on the WCB.

## 11. Pension Plan

The WCB has a contributory defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WCB.

An independent actuarial valuation performed as of December 31, 1993 has determined that the pension plan is in a surplus position. As at December 31, 1993, the Plan's funded status was as follows:

	1993	1992
Pension assets	\$ 577	\$ 498
Accrued pension obligations	\$ 485	\$ 451

## 12. Segmented Financial Information

Operating results and net assets (liabilities) of Schedule 1, self-insurers and of the Injured Workers' Retirement Fund established in accordance with section 44 of the *Act*, included in the 1993 financial statements are as follows:

	<i>Schedule 1</i>	<i>Self- insurers</i>	<i>Retirement Fund</i>	<i>Total</i>
<b>Operating results:</b>				
Assessment revenue	\$ 2,015	\$ 268	\$ —	\$ 2,283
Investment revenue	515	1	5	521
Benefits expense	(2,600)	(235)	—	(2,835)
Transfers to Injured Workers' Retirement Fund	(24)	(1)	(5)	(30)
Administrative, legislated obligations and other expenses	(410)	(33)	—	(443)
Deficiency from operations	<u>\$ (504)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (504)</u>

	<i>Schedule 1</i>	<i>Self- insurers</i>	<i>Retirement Fund</i>	<i>Total</i>
<b>Net assets (liabilities):</b>				
Cash and investments	\$ 6,146	\$ 38	\$ —	\$ 6,184
Benefits liability	(17,600)	—	—	(17,600)
Injured Workers' Retirement Fund	—	—	(46)	(46)
Deposits	—	(57)	—	(57)
Other net assets (liabilities)	(78)	19	46	(13)
Unfunded liability	<u>\$ (11,532)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (11,532)</u>

## 13. Comparative Figures

Certain re-classifications have been made to the prior year financial statements to conform to the current year's presentation.

# *r*esponsibility for financial reporting

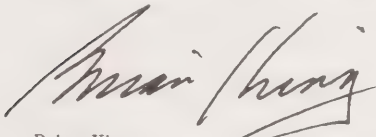
The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, comprising three directors who are not officers or employees of the WCB, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, the internal auditors and the external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.


The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WCB's internal controls, practices and procedures.

The external auditors, KPMG Peat Marwick Thorne, working under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the WCB in accordance with generally accepted auditing standards. Their Report outlines the scope of this independent audit and their opinion on the financial statements of the WCB.

Eckler Partners Ltd., the independent consulting actuaries to the WCB, express an opinion on the adequacy and appropriateness of the valuation of the WCB's benefits liability.



Brian King  
Vice-Chair of Administration



Glenn W. Cooper  
Senior Vice President, Finance & Administration  
and Chief Financial Officer

March 10, 1994



# **a**uditors' report



**To the Workers' Compensation Board,  
the Minister of Labour,  
and to the Provincial Auditor**

Pursuant to the *Workers' Compensation Act* which provides that the accounts of the Workers' Compensation Board (WCB) shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of the WCB as at December 31, 1993 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1993 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A stylized, handwritten signature in dark ink that reads 'KPMG Peat Marwick Thorne'.

Chartered Accountants

Toronto, Ontario  
March 10, 1994

# consulting actuaries' report

**Eckler Partners Ltd.**

**Consulting Actuaries' Report on the Valuation of the  
Benefits Liability of the Schedule 1 Accident Fund of the  
Workers' Compensation Board of Ontario  
As at December 31, 1993**

We have determined the estimated present value as at December 31, 1993 of future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be \$17,600 million. We have examined the data upon which the calculations were based and found them to be sufficient and reliable for the purposes of the valuation and consistent with the Board's financial statements. We consulted with the Board Actuary and Management in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to industrial disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43, and of the portions of compensation for future loss of earnings under section 43, and of supplemental pensions under section 147(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe management's estimates in this regard to be reasonable.

The valuation was based on the provisions of the *Workers' Compensation Act* in effect as of January 1, 1994. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum, on the assumption that investment income in excess of that rate will be required to finance increases in benefits related to inflation.

The methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns and the improving mortality of injured workers and survivors. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the Board on the valuation.

In our opinion, subject to the foregoing comments, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of \$17,600 million as at December 31, 1993 makes reasonable provision for future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1993.



David A. Short, F.S.A., F.C.I.A.

Actuaries with the firm of Eckler Partners Ltd.



M. David R. Brown, F.S.A., F.C.I.A.

March 10, 1994

# *t*en-year history

## Workers' Compensation Board

### Ten-Year Summary of the Statements of Operations and Unfunded Liability

(\$ millions)

	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
<b>Revenues</b>										
Assessment	\$ 2,283	\$ 2,528	\$ 2,505	\$ 2,596	\$ 2,678	\$ 2,377	\$ 2,092	\$ 1,737	\$ 1,424	\$ 1,160
Investment	521	453	450	440	409	316	272	217	186	176
	<u>2,804</u>	<u>2,981</u>	<u>2,955</u>	<u>3,036</u>	<u>3,087</u>	<u>2,693</u>	<u>2,364</u>	<u>1,954</u>	<u>1,610</u>	<u>1,336</u>
<b>Expenses</b>										
Benefits paid	2,435	2,444	2,342	2,059	1,782	1,624	1,463	1,246	1,099	979
Net increase in benefits liability	400	760	1,440	1,220	2,117	1,443	1,096	1,304	2,990	880
Transfers to Injured Workers' Retirement Fund	30	14	2	—	—	—	—	—	—	—
	<u>2,865</u>	<u>3,218</u>	<u>3,784</u>	<u>3,279</u>	<u>3,899</u>	<u>3,067</u>	<u>2,559</u>	<u>2,550</u>	<u>4,089</u>	<u>1,859</u>
Administrative and other	343	347	343	323	281	259	267	214	185	155
Legislated obligations	100	97	87	53	26	26	22	16	7	7
	<u>3,308</u>	<u>3,662</u>	<u>4,214</u>	<u>3,655</u>	<u>4,206</u>	<u>3,352</u>	<u>2,848</u>	<u>2,780</u>	<u>4,281</u>	<u>2,021</u>
<b>Deficiency from operations</b>	504	681	1,259	619	1,119	659	484	826	2,671	685
<b>Unfunded Liability,</b> beginning of year	11,028	10,347	9,088	8,469	7,350	6,691	6,207	5,381	2,710	2,025
<b>Unfunded Liability,</b> end of year	<u>\$ 11,532</u>	<u>\$ 11,028</u>	<u>\$ 10,347</u>	<u>\$ 9,088</u>	<u>\$ 8,469</u>	<u>\$ 7,350</u>	<u>\$ 6,691</u>	<u>\$ 6,207</u>	<u>\$ 5,381</u>	<u>\$ 2,710</u>
<b>Other Statistics</b>										
	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984
Average rate of assessment (per \$100 of payroll)	\$ 2.95	\$ 3.16	\$ 3.20	\$ 3.18	\$ 3.12	\$ 3.02	\$ 2.88	\$ 2.65	\$ 2.31	\$ 2.17
Total assessable payroll (\$ millions)	\$ 83,423	\$ 83,048	\$ 80,727	\$ 80,352	\$ 79,475	\$ 73,789	\$ 67,974	\$ 61,574	\$ 57,025	\$ 48,771
Number of WCB employees as at December 31	4,751	4,909	5,139	5,138	4,611	4,387	4,211	4,218	3,735	3,378
Number of registered claims	368,485	377,019	409,946	473,407	467,212	489,819	469,681	442,080	426,880	388,845



# board of directors



**The WCB's Board of Directors is representative of employers, workers, professional persons and the public. The Board of Directors oversees the development and delivery of workers' compensation policies and programs.**

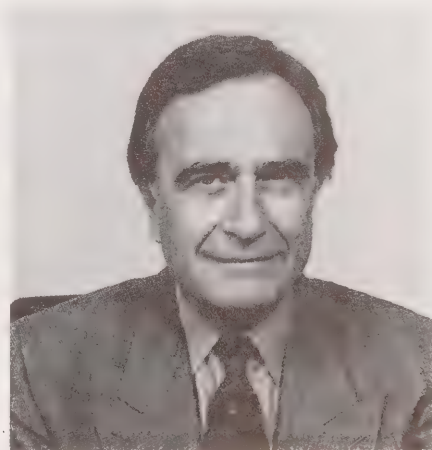
**Left to right:** *Stephen Mantis\**, Discovery Manager, Discovery Computer Training Centre, Ontario March of Dimes, *Robert Stanbury*, Vice-Chairman, employers, *Daphne J. FitzGerald\**, Senior Vice-President, Personal Insurance, Zurich Canada, *Homer Seguin\**, Retired, Area

Co-ordinator with United Steelworkers of America, North Eastern Ontario, *Odoardo Di Santo*, Chair, *Carmer Sweica\**, Secretary-Treasurer, Lackie and Company Limited, *Brian King*, Vice-Chair of Administration, *Dennis Schweitzer*, Vice-Chairman, workers, *S. Ronald Ellis*, Chair, Workers' Compensation Appeals Tribunal.

**Absent:** *Joseph Duffy*, Business Manager and Secretary-Treasurer, Provincial Building and Construction Trades Council of Ontario, *Maurice Dutrisac*, Vice-President, Human Resources, Metro Newspaper Group, Southam Inc.



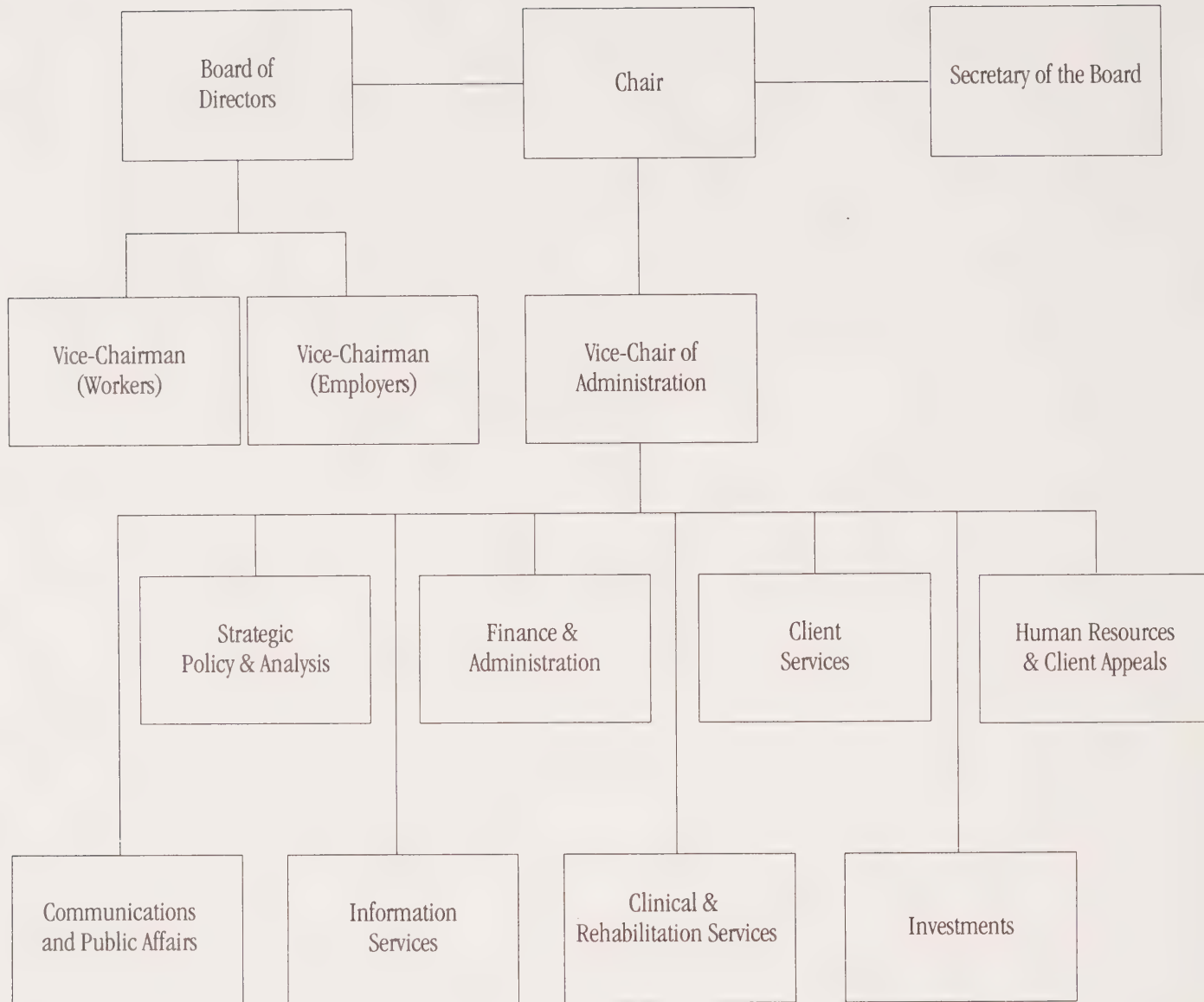
The two Vice-Chairmen, *Dennis Schweitzer*, workers and *Robert Stanbury*, employers, are links to their respective communities. To fulfil this responsibility, the Vice-Chairmen ensure that the views, concerns and perspectives of their communities are brought to bear on the deliberations and decisions of the Board of Directors.



\* Audit Committee Member



# **o**rganizational structure



# **W**orkers' compensation board offices

## **Head Office**

Toronto  
2 Bloor Street East  
Toronto, Ontario  
M4W 3C3

General Inquiry  
(416) 927-9555  
1-800-387-0750  
1-800-387-5595  
1-800-387-5540

Telephone Device  
for the Deaf (TDD)  
1-800-387-0050

## **Toronto Claims Information Centre**

1382 St. Clair Avenue West  
Toronto, Ontario  
M6E 1C6  
(416) 652-1212

## **Integrated Service Units**

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**Central Ontario West**  
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**Central Ontario South**  
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Construction**  
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**Toronto North**  
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1-800-387-8607

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**Toronto East**  
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1-800-465-5538

**Complex Case Unit  
(Diseases)**  
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120 King Street West  
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**Ottawa**  
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(613) 238-7851  
1-800-267-9601

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(519) 576-4130  
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Sault Ste. Marie, Ontario  
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1-800-461-9856



**Workers'  
Compensation  
Board**

**Commission  
des accidents  
du travail**



statistical supplement to the  
*1993 annual report*



# **s**tatistical supplement to the 1993 annual report

This publication is supplemental to the WCB 1993 Annual Report. Ten-year trend figures are shown where available. In some tables, percentages do not necessarily add up to 100 due to rounding.

The WCB's 1993 Annual Report  
is also available

upon request from the

Workers' Compensation Board Communications and

Public Affairs Division

2 Bloor Street East

26th floor

Toronto ON M4W 3C3

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Commission des accidents du travail

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ISSN 0848-5046 Statistical Supplement 1993

ISSN 1181-9618 Supplément statistique 1993

2278A (06/94)

*Together we're going to work.*

*On travaille ensemble.*

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**c**laim volumes



# claim volumes

Tables in this section provide different perspectives on the number of accidents which occurred in the workplace each year and the workers' compensation claims arising from these accidents.

Table 1 lists the number of claims according to the year a claim is reported and registered. This provides an indication of the administrative workload at the WCB. Delays in reporting and the long processing times of some complex cases complicate the tabulation and reporting of statistics concerning accidents and claims for a given year. The count of accidents grows or matures as more claims are reported and decisions are made. The process by which the counts grow after the end of the year, due to registrations and the dispositions of pending claims, is

called "maturing". The other two tables show the number of claims according to when the accident occurred. Since some accidents are reported late, the number of claims by year of accident changes, depending on when the count is made.

Table 2 provides a snapshot of the accident counts by claim status as of March 31 following the year of accident (three months after the end of the year) while

Table 3 gives a snapshot at 15 months after the end of the year, when most maturing has occurred.

More details and background on these summary statistics can be found in the explanatory notes that accompany each table.

# Table 1

## Number of Registrations in a Year (1984 – 1993)

Figures in this table show the number of claims registered with the WCB in each year. Annual volumes of claim registrations provide a measure of the overall administrative workload at the WCB.

Although most claims are reported and registered in the same year as the accident occurred, there are cases in which the claim is reported and registered after the year of the accident. This table provides a breakdown of registered claims for accidents that occurred in the current year and in prior years.

The figures encompass all claims reported to the WCB in the reference year, including those that are allowed, not allowed and those pending at the end of the year (such as those awaiting further information upon which to base an entitlement decision).

The breakdown of claims by accidents in the current year and in prior years provides a relative measure of reporting delays in different years.

Number of Claims and Percentage of Total Claims																					
		Year of Registration																			
		1984	%	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
Accidents in Current Year		371,736	96%	405,963	95%	418,208	95%	444,130	95%	472,348	96%	447,577	96%	433,814	92%	390,115	95%	361,437	96%	351,486	95%
Accidents in Prior Years		17,109	4%	20,917	5%	23,872	5%	25,551	5%	17,471	4%	19,635	4%	39,593	8%	19,831	5%	15,582	4%	16,999	5%
Total Registrations		388,845	100%	426,880	100%	442,080	100%	469,681	100%	489,819	100%	467,212	100%	473,407	100%	409,946	100%	377,019	100%	368,485	100%

# Table 2

## Number of Accidents in a Year Registered as of March 31 of the Following Year (1988 - 1993)

Figures in this table show the number of accidents which occurred in the reference year and registered by March 31 of the following year.

Some claims are not reported and/or not allowed in the same year as the accident occurred. Therefore, these figures are not complete counts of all accidents that may have occurred during the reference year. Rather, they are an accurate representation of decisions made up to three months after the year of accident

(in other words, up to March 31 of the year following). In addition, the breakdown by type of claim (lost-time, no lost-time, etc.) is based on the status of claims as of March 31 of the following year. These statuses, particularly the pending status, may change after March 31. For instance, a claim with pending status on March 31 may later change to lost-time, no lost-time, or not allowed.

Status as of March 31 of Following Year	Schedule 1									
	Year of Accident									
	1988	%	1989	%	1990	%	1991	%	1992	%
Allowed Lost-Time	185,585	43%	178,255	42%	161,781	41%	133,492	38%	116,184	36%
Allowed No Lost-Time	205,557	47%	193,300	46%	184,990	46%	174,263	49%	163,339	50%
Not Allowed	36,797	8%	39,827	9%	45,809	11%	41,802	12%	42,070	13%
Abandoned	28,480		32,051		37,980		33,651		32,954	
Denied	8,316		7,776		7,829		8,151		9,116	
Pending	7,308	2%	11,007	3%	5,795	1%	3,107	1%	3,311	1%
<b>Total</b>	<b>435,247</b>	<b>100%</b>	<b>422,389</b>	<b>100%</b>	<b>398,375</b>	<b>100%</b>	<b>352,664</b>	<b>100%</b>	<b>324,904</b>	<b>100%</b>
Status as of March 31 of Following Year	Schedule 2									
	Year of Accident									
	1988	%	1989	%	1990	%	1991	%	1992	%
Allowed Lost-Time	22,914	44%	22,712	44%	22,663	44%	21,983	44%	20,756	43%
Allowed No Lost-Time	21,293	41%	20,552	40%	20,780	41%	20,941	42%	20,235	42%
Not Allowed	6,906	13%	6,482	13%	6,873	13%	6,843	14%	7,167	15%
Abandoned	5,494		5,204		5,762		5,498		5,534	
Denied	1,413		1,278		1,111		1,345		1,633	
Pending	1,294	2%	1,618	3%	871	2%	573	1%	572	1%
<b>Total</b>	<b>52,407</b>	<b>100%</b>	<b>51,364</b>	<b>100%</b>	<b>51,187</b>	<b>100%</b>	<b>50,340</b>	<b>100%</b>	<b>48,730</b>	<b>100%</b>
Status as of March 31 of Following Year	Total									
	Year of Accident									
	1988	%	1989	%	1990	%	1991	%	1992	%
Allowed Lost-Time	208,499	43%	200,967	42%	184,444	41%	155,475	39%	136,940	37%
Allowed No Lost-Time	226,850	47%	213,852	45%	205,770	46%	195,204	48%	183,574	49%
Not Allowed	43,703	9%	46,309	10%	52,682	12%	48,645	12%	49,237	13%
Abandoned	33,974		37,255		43,742		39,149		38,488	
Denied	9,729		9,054		8,940		9,496		10,749	
Pending	8,602	2%	12,625	3%	6,666	1%	3,680	1%	3,883	1%
<b>Total</b>	<b>487,654</b>	<b>100%</b>	<b>473,753</b>	<b>100%</b>	<b>449,562</b>	<b>100%</b>	<b>403,004</b>	<b>100%</b>	<b>373,634</b>	<b>100%</b>

### Notes:

1. Reporting claim volumes in this manner started in 1989. Comparable claim volumes statistics for years prior to 1988 are not available.
2. Lost-time claims include compensable claims by workers who have lost wages as a result of a temporary disability, as well as those who have a permanent impairment with time lost from work.
3. No lost-time claims involve accidents where no wage loss benefits were paid to the worker. Permanent impairment injuries where the worker did not lose time from work beyond the day of the accident are also included.
4. Abandoned claims include cases where the WCB could not collect information from the worker to substantiate the claim or the worker withdraws a claim.
5. Denied claims include cases where the injuries are not work-related (denial based on merit) or workers/employers are not covered by the *Workers' Compensation Act* (denial based on status).
6. Employers in Ontario are categorized as either Schedule 1 or Schedule 2. Schedule 1 employers are required to pay annual assessments, which form the WCB's Accident Fund. Compensation and health care for injured workers are paid for out of this fund and administered by the WCB. The majority of employers in Ontario form Schedule 1. Under Schedule 2, each employer is liable for paying the compensation and health care costs of any worker who suffers an occupational accident or disease. Employers in this category include: municipal, provincial and federal governments, railways, airlines and telephone companies.

# Table 3

## Number of Accidents in a Year with Estimate for Maturing (1988 - 1993)

This table is an extension of Table 2. The purpose is to provide, as closely as possible, a count of the claims which will ultimately be registered and allowed that arise from accidents occurring in the reference year. The process by which the counts grow after the end of the year, due to registrations and the disposition of pending claims, is called "maturing". A matured count of claims more accurately reflects the base upon which liabilities and the ultimate costs of the workers' compensation system are based.

The figures below show the number of accidents in the reference year based on registration and decisions made up to 15 months after the end of the accident year.

For example, the figures for 1988 show the number of accidents for that year registered and adjudicated by March 31, 1990. Likewise, the breakdown of claims is based on the statuses of these claims as of March 31 of the second year after the year of accident.

By comparing these figures to those reported in Table 2, an estimate can be obtained of the additional maturing resulting from additional claims reported after March 31 of the following year, and also from changes in status, such as from pending to allowed.

Status as of March 31 of the Second Year After Accident Year	Schedule 1											
	Year of Accident											
	1988	%	1989	%	1990	%	1991	%	1992	%	1993*	%
Allowed Lost-Time	192,466	44%	183,875	43%	165,139	41%	135,281	38%	118,390	36%	108,219	34%
Allowed No Lost-Time	206,344	47%	195,427	46%	186,484	47%	175,469	50%	164,007	50%	161,859	51%
Not Allowed	37,550	9%	44,414	10%	48,127	12%	42,969	12%	43,259	13%	45,877	15%
Abandoned	28,253		35,085		38,964		33,839		33,072		35,406	
Denied	9,297		9,329		9,163		9,130		10,187		10,471	
Status as of March 31 of the Second Year After Accident Year	Schedule 2											
	Year of Accident											
	1988	%	1989	%	1990	%	1991	%	1992	%	1993*	%
Allowed Lost-Time	23,970	46%	23,595	46%	23,267	45%	22,499	44%	21,614	44%	19,662	42%
Allowed No Lost-Time	21,398	41%	20,785	41%	20,985	41%	21,239	42%	20,640	42%	19,479	42%
Not Allowed	6,961	13%	6,816	13%	7,103	14%	7,052	14%	7,339	15%	7,677	16%
Abandoned	5,311		5,274		5,748		5,493		5,523		5,665	
Denied	1,650		1,542		1,355		1,559		1,816		2,012	
Status as of March 31 of the Second Year After Accident Year	Total											
	Year of Accident											
	1988	%	1989	%	1990	%	1991	%	1992	%	1993*	%
Allowed Lost-Time	216,436	44%	207,470	44%	188,406	42%	157,780	39%	140,004	37%	127,881	35%
Allowed No Lost-Time	227,742	47%	216,212	46%	207,469	46%	196,708	49%	184,647	49%	181,338	50%
Not Allowed	44,511	9%	51,230	11%	55,230	12%	50,021	12%	50,598	13%	53,554	15%
Abandoned	33,564		40,359		44,712		39,332		38,595		41,071	
Denied	10,947		10,871		10,518		10,689		12,003		12,483	

\* The 1993 data is estimated. The estimates are based on prior registration experience and the probabilities associated with the disposition of new and pending claims.





**detailed claims profiles**

# detailed claims profiles

The tables in this section provide, by year of accident, detailed analyses of lost-time claims as reported in Table 2. Lost-time claims reported and allowed as of March 31 of the following year are included.

The profile breakdowns are based on national standards:

- for nature of injury, part of body, type of accident and source of injury (Tables 6 to 9), American National Standards Institute (ANSI) is used;
- for occupation (Table 10), *Canadian Classification and Dictionary of Occupations* (CCDO) is used; and
- for industry (Table 11), *Standard Industrial Classification Manual* (SIC) is used.

## Note:

As indicated in the explanatory notes of Table 2, the total number of accidents shown in these profiles is not a complete count of accidents that have occurred in the reference year. The figures are the result of a snapshot taken as of March 31 of the following year. For further details, please read the explanatory notes in Table 2.

The WCB recently developed new data collection and reporting systems. The implementation of these systems results in more timely reporting. Reporting of detailed claims profiles for 1994 accidents are available upon request. To receive more information, please call the Information Hotline at (416) 927-4137 in Toronto, or 1-800-387-0750 extension 4137.

# Table 4

## Lost-Time Claims by Age Group (1984 - 1993)

Age Group	Year of Accident											
	1984	%	1985	%	1986	%	1987	%	1988	%	1989	%
15-19 years	10,097	6.0%	11,380	6.1%	12,097	6.2%	12,809	6.2%	13,186	6.3%	11,453	5.7%
20-24 years	29,023	17.3%	32,946	17.7%	33,593	17.1%	33,851	16.5%	32,689	15.7%	29,075	14.5%
25-29 years	26,405	15.7%	30,100	16.1%	32,534	16.6%	34,225	16.7%	35,512	17.0%	34,257	17.0%
30-34 years	22,090	13.2%	24,660	13.2%	26,411	13.5%	28,534	13.9%	29,501	14.1%	29,208	14.5%
35-39 years	19,120	11.4%	21,194	11.4%	22,290	11.4%	23,083	11.2%	23,602	11.3%	22,937	11.4%
40-44 years	14,380	8.6%	16,197	8.7%	16,676	8.5%	18,082	8.8%	19,347	9.3%	19,026	9.5%
45-49 years	12,542	7.5%	13,653	7.3%	14,074	7.2%	14,579	7.1%	14,761	7.1%	14,257	7.1%
50-54 years	11,670	7.0%	12,155	6.5%	12,176	6.2%	12,634	6.2%	12,451	6.0%	11,861	5.9%
55-59 years	8,928	5.3%	9,780	5.2%	9,728	5.0%	9,942	4.8%	10,040	4.8%	9,370	4.7%
60-64 years	5,420	3.2%	5,650	3.0%	5,676	2.9%	5,649	2.8%	5,574	2.7%	5,201	2.6%
65 years and over	620	0.4%	680	0.4%	704	0.4%	741	0.4%	792	0.4%	754	0.4%
Not available	7,453	4.4%	8,253	4.4%	9,978	5.1%	11,130	5.4%	11,044	5.3%	13,568	6.8%
Total	167,748	100.0%	186,648	100.0%	195,937	100.0%	205,259	100.0%	208,499	100.0%	200,967	100.0%
									184,444	100.0%	155,475	100.0%
									136,940	100.0%	125,122	100.0%

# Table 5

## Lost-Time Claims by Gender (1984 - 1993)

Gender	Year of Accident											
	1984	%	1985	%	1986	%	1987	%	1988	%	1989	%
Male	130,437	77.8%	143,884	77.1%	149,786	76.4%	155,002	75.5%	155,546	74.6%	145,742	72.5%
Female	37,103	22.1%	42,488	22.8%	45,836	23.4%	49,624	24.2%	52,244	25.1%	50,825	25.3%
Not available	208	0.1%	276	0.1%	315	0.2%	633	0.3%	709	0.3%	4,400	2.2%
Total	167,748	100.0%	186,648	100.0%	195,937	100.0%	205,259	100.0%	208,499	100.0%	200,967	100.0%
									184,444	100.0%	155,475	100.0%
									136,940	100.0%	125,122	100.0%



## Table 6

## Lost-Time Claims by Nature of Injury and Disease (1984 - 1993)

Nature of Injury and Disease	Year of Accident																			
	1984	%	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
<b>Injuries:</b> Sprains and strains Contusion, crushing, bruise Cut, laceration, puncture  Fracture Scratches, abrasion Burn or scald (heat)  Hernia Multiple injuries Amputation or enucleation  Dislocation Concussion Electric shock, electrocution  Occupational injury, NEC <b>Sub-total Injuries</b>	78,471	46.8%	90,804	48.6%	95,776	48.9%	101,489	49.4%	104,702	50.2%	99,507	49.5%	88,308	47.9%	75,595	48.6%	68,423	50.0%	62,696	50.1%
	33,851	20.2%	40,145	21.5%	39,603	20.2%	41,398	20.2%	42,759	20.5%	39,650	19.7%	30,737	16.7%	22,004	14.2%	18,975	13.9%	16,449	13.1%
	21,524	12.8%	23,495	12.6%	24,808	12.7%	25,714	12.5%	25,944	12.4%	23,889	11.9%	18,617	10.1%	14,379	9.2%	12,095	8.8%	10,974	8.8%
	7,452	4.4%	8,408	4.5%	8,967	4.6%	8,438	4.1%	8,366	4.0%	7,943	4.0%	7,603	4.1%	7,820	5.0%	7,503	5.5%	7,150	5.7%
	5,170	3.1%	6,139	3.3%	6,289	3.2%	6,235	3.0%	6,337	3.0%	5,450	2.7%	4,990	2.7%	4,154	2.7%	3,620	2.6%	3,092	2.5%
	3,905	2.3%	4,375	2.3%	4,413	2.3%	4,608	2.2%	4,408	2.1%	4,031	2.0%	3,545	1.9%	2,795	1.8%	2,289	1.7%	2,223	1.8%
	1,451	0.9%	1,657	0.9%	1,631	0.8%	1,620	0.8%	1,519	0.7%	1,533	0.8%	1,427	0.8%	1,365	0.9%	1,287	0.9%	1,163	0.9%
	1,098	0.7%	1,344	0.7%	1,034	0.5%	952	0.5%	1,089	0.5%	1,063	0.5%	1,060	0.6%	1,150	0.7%	1,151	0.8%	988	0.8%
	505	0.3%	601	0.3%	686	0.4%	619	0.3%	553	0.3%	511	0.3%	650	0.4%	791	0.5%	807	0.6%	749	0.6%
	561	0.3%	629	0.3%	672	0.3%	667	0.3%	721	0.3%	677	0.3%	656	0.4%	697	0.4%	638	0.5%	588	0.5%
<b>Diseases:</b> Inflammation or irritation of joints, tendons, muscles, nerves and arteries Burn (chemical) Poisoning, systemic  Dermatitis Radiation effects Contagious or infectious disease  Hearing loss or impairment * Pneumoconiosis Heat stroke, cramps,exhaustion, sunstroke Freezing, frostbite Occupational illnesses, NEC <b>Sub-total Diseases</b>  Non-personal damage only Unclassified or unidentified  <b>Total</b>	1,130	0.7%	1,530	0.8%	2,112	1.1%	2,153	1.0%	2,161	1.0%	2,492	1.2%	3,341	1.8%	3,548	2.3%	3,908	2.9%	4,142	3.3%
	1,079	0.6%	1,301	0.7%	1,375	0.7%	1,427	0.7%	1,518	0.7%	1,332	0.7%	1,110	0.6%	876	0.6%	641	0.5%	584	0.5%
	671	0.4%	877	0.5%	915	0.5%	929	0.5%	895	0.4%	778	0.4%	789	0.4%	731	0.5%	569	0.4%	581	0.5%
	572	0.3%	658	0.4%	628	0.3%	782	0.4%	606	0.3%	530	0.3%	475	0.3%	502	0.3%	377	0.3%	343	0.3%
	744	0.4%	867	0.5%	883	0.5%	978	0.5%	1,002	0.5%	906	0.5%	643	0.3%	435	0.3%	305	0.2%	321	0.3%
	358	0.2%	339	0.2%	284	0.1%	309	0.2%	248	0.1%	251	0.1%	339	0.2%	247	0.2%	225	0.2%	214	0.2%
	533	0.3%	463	0.2%	527	0.3%	656	0.3%	601	0.3%	652	0.3%	433	0.2%	124	0.1%	78	0.1%	80	0.1%
	41	0.0%	51	0.0%	35	0.0%	50	0.0%	44	0.0%	68	0.0%	60	0.0%	60	0.0%	88	0.1%	42	0.0%
	15	0.0%	7	0.0%	11	0.0%	41	0.0%	45	0.0%	22	0.0%	6	0.0%	27	0.0%	7	0.0%	24	0.0%
	37	0.0%	61	0.0%	44	0.0%	28	0.0%	60	0.0%	51	0.0%	15	0.0%	23	0.0%	23	0.0%	12	0.0%
97	0.1%	123	0.1%	140	0.1%	124	0.1%	91	0.0%	109	0.1%	99	0.1%	153	0.1%	143	0.1%	227	0.2%	
5,277	3.1%	6,277	3.4%	6,954	3.5%	7,477	3.6%	7,271	3.5%	7,191	3.6%	7,310	4.0%	6,726	4.3%	6,364	4.6%	6,570	5.3%	
43	0.0%	37	0.0%	63	0.0%	60	0.0%	57	0.0%	65	0.0%	43	0.0%	36	0.0%	21	0.0%	22	0.0%	
3	0.0%	2	0.0%	1	0.0%	0	0.0%	1	0.0%	3,549	1.8%	7,888	4.3%	834	0.5%	124	0.1%	105	0.1%	
167,748	100.0%	186,648	100.0%	195,937	100.0%	205,259	100.0%	208,499	100.0%	200,967	100.0%	184,444	100.0%	155,475	100.0%	136,940	100.0%	125,122	100.0%	

Note: NEC stands for not elsewhere classified.

\* The drop in the number of hearing loss claims starting in 1991 is due to the re-classification of claim type from lost-time to no lost-time.

### Lost-Time Claims by Part of Body Injured (1984 - 1993)

**Note:** Not applicable category consists mainly of occupational illnesses.

### Lost-Time Claims by Type of Accident (1984 - 1993)

Note: NEC stands for not elsewhere classified.

### Lost-Time Claims by Source of Injury (1984 - 1993)

Source of Injury	Year of Accident											
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	%	
Bodily motion	22,915	26,057	26,406	26,336	27,352	27,440	26,872	23,881	23,801	23,187	18.5%	
Boxes, barrels, containers, packages	18,301	19,831	21,192	23,591	23,900	25,302	23,778	22,574	19,884	18,123	14.5%	
Working surfaces	22,404	25,801	25,695	26,738	27,181	26,376	24,943	22,224	20,135	17,724	14.2%	
Metal items	17,100	20,132	18,524	20,649	20,842	20,668	18,180	13,820	11,202	10,651	8.5%	
Vehicles	12,367	12,935	13,713	14,657	14,293	11,910	10,422	10,444	9,590	8,963	7.2%	
Animals, insects, birds, reptiles, and persons	6,701	7,491	7,378	7,775	8,259	8,198	8,090	8,197	7,559	7,294	5.8%	
Machines	9,365	10,781	10,897	11,346	10,811	9,589	7,948	6,847	5,926	5,453	4.4%	
Hand tools, not powered	8,148	8,820	9,488	9,816	9,421	9,046	7,710	6,386	5,748	5,165	4.1%	
Furniture, fixtures, furnishings	4,425	5,050	5,888	6,134	6,345	5,761	5,070	4,759	4,386	3,999	3.2%	
Buildings and structures	2,615	2,673	2,996	3,244	3,075	3,249	2,958	2,732	2,454	2,136	1.7%	
Hand tools, powered	4,218	3,686	4,087	4,469	4,533	4,483	3,290	2,538	2,031	1,952	1.6%	
Wood items	3,199	3,523	4,055	4,388	4,184	3,487	2,824	2,216	1,903	1,793	1.4%	
Electric apparatus	1,879	2,190	2,219	2,338	2,397	2,181	2,018	1,798	1,557	1,474	1.2%	
Chemicals and chemical compounds	1,859	2,192	2,231	2,410	2,252	1,980	1,965	1,716	1,351	1,300	1.0%	
Particles	3,070	3,327	3,082	3,516	4,105	3,162	2,375	1,661	1,320	1,179	0.9%	
Food products	1,120	1,337	1,330	1,461	1,339	1,214	1,100	937	817	885	0.7%	
Glass items	1,221	1,486	1,524	1,763	1,758	1,548	1,306	1,110	889	884	0.7%	
Hoisting apparatus	694	825	950	945	877	797	680	665	575	614	0.5%	
Liquids	1,048	1,173	1,144	1,161	1,079	1,101	1,024	905	726	600	0.5%	
Boilers and pressure vessels	507	523	741	878	860	855	740	598	570	565	0.5%	
Plants, trees and vegetation	1,254	1,209	1,207	1,061	870	786	719	671	589	542	0.4%	
Conveyors	624	670	792	729	723	767	659	541	458	461	0.4%	
Mechanical power transmission apparatus	707	1,024	1,020	1,031	1,056	949	808	610	498	447	0.4%	

Table continued on next page.



# Table 9 (cont'd)

## Lost-Time Claims by Source of Injury (1984 - 1993)

Source of Injury	Year of Accident																			
	1984	%	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
Paper and pulp items	673	0.4%	812	0.4%	917	0.5%	937	0.5%	848	0.4%	818	0.4%	665	0.4%	588	0.4%	503	0.4%	435	0.3%
Radiating substances and equipment	710	0.4%	812	0.4%	854	0.4%	941	0.5%	974	0.5%	894	0.4%	669	0.4%	495	0.3%	349	0.3%	401	0.3%
Ceramic items	752	0.4%	842	0.5%	940	0.5%	971	0.5%	992	0.5%	891	0.4%	656	0.4%	577	0.4%	421	0.3%	377	0.3%
Mineral items, non-metallic	617	0.4%	634	0.3%	756	0.4%	754	0.4%	720	0.3%	616	0.3%	556	0.3%	527	0.3%	388	0.3%	366	0.3%
Plastic items	313	0.2%	441	0.2%	564	0.3%	621	0.3%	590	0.3%	517	0.3%	420	0.2%	316	0.2%	276	0.2%	335	0.3%
Flame, fire and smoke	735	0.4%	788	0.4%	798	0.4%	814	0.4%	819	0.4%	652	0.3%	540	0.3%	376	0.2%	327	0.2%	326	0.3%
Ladders	443	0.3%	419	0.2%	574	0.3%	412	0.2%	468	0.2%	437	0.2%	428	0.2%	403	0.3%	278	0.2%	263	0.2%
Coal and petroleum products	323	0.2%	353	0.2%	396	0.2%	389	0.2%	385	0.2%	352	0.2%	267	0.1%	218	0.1%	245	0.2%	193	0.2%
Textile items	226	0.1%	340	0.2%	390	0.2%	436	0.2%	432	0.2%	385	0.2%	290	0.2%	315	0.2%	208	0.2%	181	0.1%
Heating equipment	241	0.1%	286	0.2%	328	0.2%	291	0.1%	278	0.1%	271	0.1%	212	0.1%	148	0.1%	125	0.1%	171	0.1%
Pumps and prime movers	239	0.1%	310	0.2%	334	0.2%	352	0.2%	335	0.2%	329	0.2%	283	0.2%	206	0.1%	186	0.1%	168	0.1%
Clothing, apparel and shoes	205	0.1%	271	0.1%	241	0.1%	264	0.1%	293	0.1%	271	0.1%	213	0.1%	190	0.1%	190	0.1%	160	0.1%
Soaps, detergents and cleaning compounds	125	0.1%	240	0.1%	257	0.1%	228	0.1%	211	0.1%	214	0.1%	151	0.1%	159	0.1%	104	0.1%	117	0.1%
Steam	186	0.1%	206	0.1%	229	0.1%	247	0.1%	256	0.1%	223	0.1%	202	0.1%	168	0.1%	128	0.1%	111	0.1%
Noise *	542	0.3%	479	0.3%	543	0.3%	677	0.3%	611	0.3%	661	0.3%	342	0.2%	140	0.1%	95	0.1%	91	0.1%
Scrap, debris, waste material	31	0.0%	67	0.0%	40	0.0%	39	0.0%	34	0.0%	48	0.0%	109	0.1%	78	0.1%	61	0.0%	48	0.0%
Heat, atmospheric and environmental	16	0.0%	9	0.0%	17	0.0%	42	0.0%	51	0.0%	19	0.0%	14	0.0%	39	0.0%	15	0.0%	33	0.0%
Infectious and parasitic agents	212	0.1%	24	0.0%	26	0.0%	37	0.0%	28	0.0%	41	0.0%	103	0.1%	72	0.0%	38	0.0%	26	0.0%
Silica	20	0.0%	25	0.0%	23	0.0%	23	0.0%	13	0.0%	34	0.0%	15	0.0%	21	0.0%	24	0.0%	22	0.0%
Air pressure	50	0.0%	56	0.0%	41	0.0%	35	0.0%	28	0.0%	31	0.0%	31	0.0%	35	0.0%	26	0.0%	21	0.0%
Animal products	133	0.1%	164	0.1%	160	0.1%	141	0.1%	131	0.1%	74	0.0%	47	0.0%	33	0.0%	24	0.0%	20	0.0%
Cold	37	0.0%	59	0.0%	53	0.0%	38	0.0%	61	0.0%	50	0.0%	18	0.0%	21	0.0%	22	0.0%	17	0.0%
Drugs and medicines	25	0.0%	23	0.0%	22	0.0%	32	0.0%	24	0.0%	22	0.0%	14	0.0%	14	0.0%	11	0.0%	9	0.0%
Mineral items, metallic	3	0.0%	6	0.0%	0	0.0%	1	0.0%	8	0.0%	0	0.0%	7	0.0%	8	0.0%	6	0.0%	5	0.0%
Miscellaneous	14,515	8.7%	15,533	8.3%	19,830	10.1%	18,347	8.9%	20,363	9.8%	15,246	7.6%	11,347	6.2%	8,792	5.7%	7,207	5.3%	4,774	3.8%
Unclassified or unidentified	635	0.4%	713	0.4%	1,045	0.5%	1,754	0.9%	2,034	1.0%	7,022	3.5%	11,366	6.2%	3,706	2.4%	1,714	1.3%	1,061	0.8%
Total	167,748	100.0%	186,648	100.0%	195,937	100.0%	205,259	100.0%	208,499	100.0%	200,967	100.0%	184,444	100.0%	155,475	100.0%	136,940	100.0%	125,122	100.0%

\* The reduction in the noise category is due to the re-classification of hearing loss claims. See note in Table 6.



# Table 10

## Lost-Time Claims by Occupation (1984 - 1993)

Occupation	Year of Accident															
	1984	%	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%
Service	19,340	11.5%	21,988	11.8%	22,630	11.5%	23,277	11.3%	23,206	11.1%	22,156	11.0%	22,031	11.9%	22,424	14.4%
Products fabricating, assembling and repairing	26,040	15.5%	30,380	16.3%	31,484	16.1%	30,332	14.8%	30,862	14.7%	29,077	14.5%	26,270	14.2%	22,977	14.8%
Transport equipment operating	12,642	7.5%	13,862	7.4%	13,720	7.0%	13,735	6.7%	13,933	6.7%	13,272	6.6%	12,394	6.7%	12,776	8.2%
Clerical and related	10,085	6.0%	10,801	5.8%	12,037	6.1%	12,052	5.9%	12,083	5.8%	11,679	5.8%	11,043	6.0%	10,601	6.8%
Machining and related	14,167	8.4%	16,109	8.6%	17,714	9.0%	18,691	9.1%	18,301	8.8%	17,815	8.9%	15,115	8.2%	11,693	7.5%
Construction trades	15,071	9.0%	16,848	9.0%	17,895	9.1%	18,061	8.8%	18,006	8.6%	17,271	8.6%	15,614	8.5%	12,278	7.9%
Materials handling and related	10,029	6.0%	12,074	6.5%	12,866	6.6%	13,132	6.4%	13,458	6.5%	12,506	6.2%	11,285	6.1%	10,138	6.5%
Medicine and health	6,551	3.9%	7,010	3.8%	7,186	3.7%	7,485	3.6%	7,811	3.7%	8,099	4.0%	8,342	4.5%	8,708	5.6%
Processing	12,085	7.2%	13,147	7.0%	14,077	7.2%	14,280	7.0%	13,225	6.3%	11,817	5.9%	10,387	5.6%	9,480	6.1%
Sales	5,083	3.0%	5,611	3.0%	5,379	2.7%	5,318	2.6%	5,112	2.5%	5,313	2.6%	5,717	3.1%	5,973	3.8%
Farming, horticultural and animal husbandry	3,150	1.9%	3,267	1.8%	3,121	1.6%	3,055	1.5%	2,951	1.4%	2,559	1.3%	2,452	1.3%	2,546	1.6%
Teaching and related	1,249	0.7%	1,347	0.7%	1,402	0.7%	1,457	0.7%	1,587	0.8%	1,672	0.8%	1,753	1.0%	2,001	1.3%
Other crafts and equipment operating	1,739	1.0%	1,896	1.0%	2,617	1.3%	2,414	1.2%	2,312	1.1%	2,293	1.1%	2,043	1.1%	2,154	1.4%
Social sciences and related	796	0.5%	909	0.5%	1,036	0.5%	923	0.4%	1,014	0.5%	1,160	0.6%	1,221	0.7%	1,659	1.1%
Natural sciences, engineering and mathematics	956	0.6%	1,278	0.7%	1,111	0.6%	1,196	0.6%	1,247	0.6%	1,131	0.6%	1,308	0.7%	1,139	0.7%
Managerial, administrative and related	656	0.4%	766	0.4%	801	0.4%	739	0.4%	601	0.3%	596	0.3%	804	0.4%	913	0.6%
Forestry and logging	1,458	0.9%	1,413	0.8%	1,175	0.6%	876	0.4%	739	0.4%	591	0.3%	495	0.3%	458	0.3%
Artistic, literary, recreational and related	321	0.2%	383	0.2%	442	0.2%	464	0.2%	448	0.2%	427	0.2%	479	0.3%	525	0.3%
Mining and quarrying including oil and gas	1,517	0.9%	1,237	0.7%	1,226	0.6%	1,211	0.6%	1,061	0.5%	820	0.4%	757	0.4%	696	0.4%
Fishing, hunting, trapping and related	38	0.0%	51	0.0%	54	0.0%	32	0.0%	25	0.0%	23	0.0%	29	0.0%	33	0.0%
Religion	3	0.0%	5	0.0%	2	0.0%	4	0.0%	6	0.0%	1	0.0%	1	0.0%	3	0.0%
Occupations, NEC	13,021	7.8%	12,870	6.9%	12,040	6.1%	14,509	7.1%	15,760	7.6%	16,292	8.1%	14,050	7.6%	10,212	6.6%
Occupation not stated	11,751	7.0%	13,396	7.2%	15,922	8.1%	22,016	10.7%	24,951	12.0%	24,397	12.1%	20,854	11.3%	6,088	3.9%
<b>Total</b>	<b>167,748</b>	<b>100.0%</b>	<b>186,648</b>	<b>100.0%</b>	<b>195,937</b>	<b>100.0%</b>	<b>205,259</b>	<b>100.0%</b>	<b>208,499</b>	<b>100.0%</b>	<b>200,967</b>	<b>100.0%</b>	<b>184,444</b>	<b>100.0%</b>	<b>155,475</b>	<b>100.0%</b>
															<b>136,940</b>	<b>100.0%</b>
																<b>125,122</b>
																<b>100.0%</b>

Note: NEC stands for not elsewhere classified.

### Lost-Time Claims by Industry (1984 - 1993)

\* Based on Standard Industrial Classification (1970 version).



# **Occupational fatalities**



# occupational fatalities

Fatal claims refer to all claims where a fatality has occurred and fatal benefits are being claimed. This section shows the distribution of fatal claims submitted (Table 12) and fatal claims allowed (Table 13). The number of allowed claims are irrespective of the year in which the claim was registered or the year in which the fatality occurred. Therefore, numbers within each of the two tables are not comparable.

Fatal claims are categorized into the following:

- occupational diseases – the worker had an occupational disease and died;

- immediate deaths – the worker had an accident at work and died the same day;
- not immediate deaths – the worker had an accident at work and died at a later date; and
- 100% disability pensions – the worker who died was receiving a 100% permanent disability pension, whether or not the cause of death was work-related.

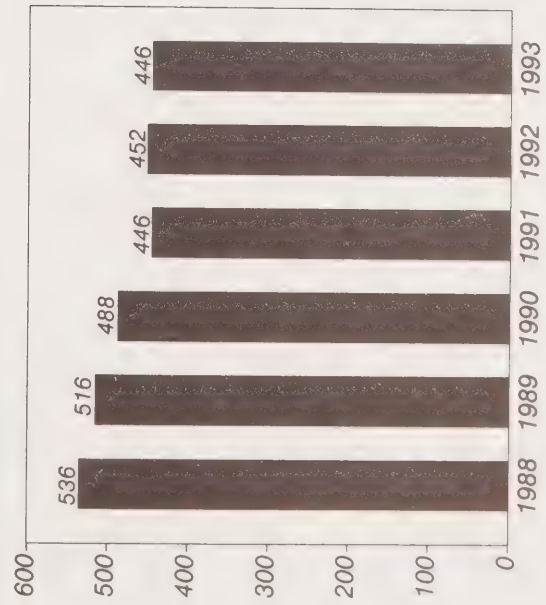
Figures in the above categories are mutually exclusive.

# Table 12

## Occupational Fatalities by Year of Registration (1988 - 1993)

	Year of Registration											
	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
Diseases	228	43%	226	44%	256	52%	207	46%	238	53%	256	57%
Immediate Deaths	175	33%	172	33%	131	27%	138	31%	114	25%	100	22%
Not Immediate Deaths	60	11%	54	10%	54	11%	40	9%	30	7%	22	5%
100% Pensions	73	14%	64	12%	47	10%	61	14%	70	15%	68	15%
Total	536	100%	516	100%	488	100%	446	100%	452	100%	446	100%

### Registered Fatal Claims



### 1993 Registered Fatal Claims by Category

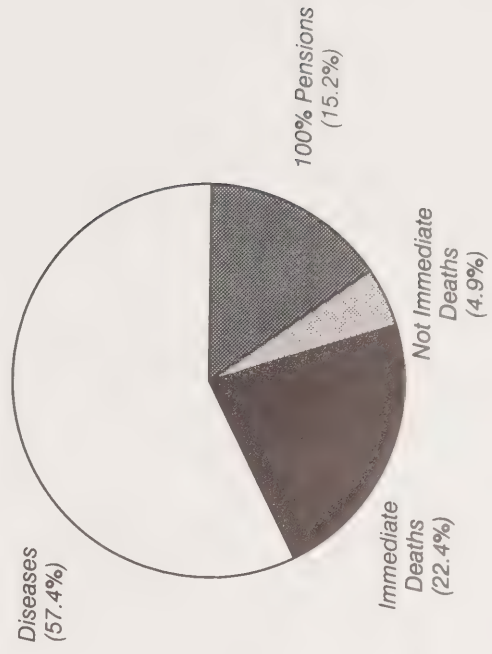
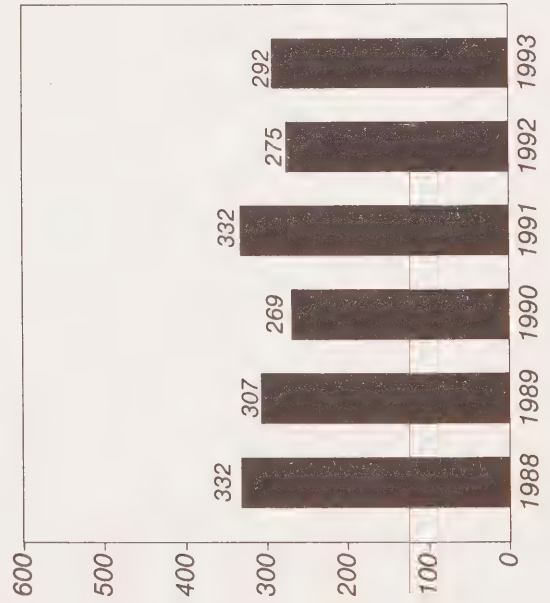


Table 13

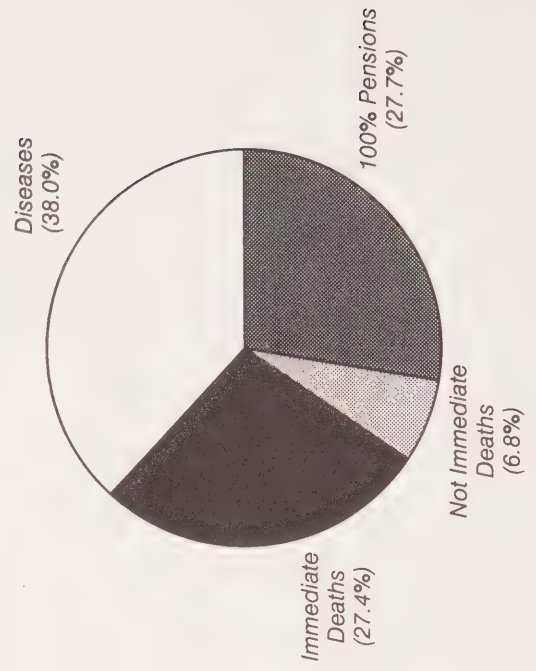
## Occupational Fatalities by Year Allowed (1988 - 1993)

	Year Allowed											
	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
Diseases	98	30%	87	28%	77	29%	120	36%	109	40%	111	38%
Immediate Deaths	141	42%	128	42%	119	44%	115	35%	88	32%	80	27%
Not Immediate Deaths	21	6%	31	10%	28	10%	31	9%	21	8%	20	7%
100% Pensions	72	22%	61	20%	45	17%	66	20%	57	21%	81	28%
Total	332	100%	307	100%	269	100%	332	100%	275	100%	292	100%

Allowed Fatal Claims



1993 Allowed Fatal Claims by Category



**d**uration of short-term disability benefits



# duration of short-term disability benefits

This section shows the composite measure of the average duration of short-term disability benefits. This measure was adopted as a standard for reporting by the members of the Association of Workers' Compensation Boards of Canada (AWCBC) Steering Committee on Comparability in February 1994. Short-term disability benefits include all benefit periods under section 37 of the *Workers' Compensation Act* (i.e. temporary compensation and short-term vocational rehabilitation) which are awarded while reaching maximum medical rehabilitation. Under Bill 162 legislation, which came into effect on January 2, 1990, workers who suffer an injury resulting in temporary disability for twelve continuous months are eligible for FEL benefits under section 43. Benefit periods under sections 147(2) and 43(9) are not included.

The composite approach uses short-term disability benefit days paid in the current year to estimate an average lifetime duration of short-term disability over the lifetime of a claim. Days of short-term disability paid in the current year are separated by year of accident into a series of components, including:

- benefit days paid in the current year for accidents that happened in the current year, and divided by the number of lost-time injuries in the year – an estimate of the duration during the first year of accident;
- benefit days paid in the current year for accidents that happened in the calendar year prior to the current year, and divided by the number of lost-time injuries in that year – an estimate of the duration during the first year after the year of accident;
- benefit days paid in the current year for accidents that happened two calendar years prior, and divided by the number of lost-time injuries in that year – an estimate of the duration during the second year after the year of accident; and
- benefit days paid in the current year for accidents that happened three calendar years prior, and divided by the number of lost-time injuries in that year – an estimate of the duration during the third year after the year of accident.

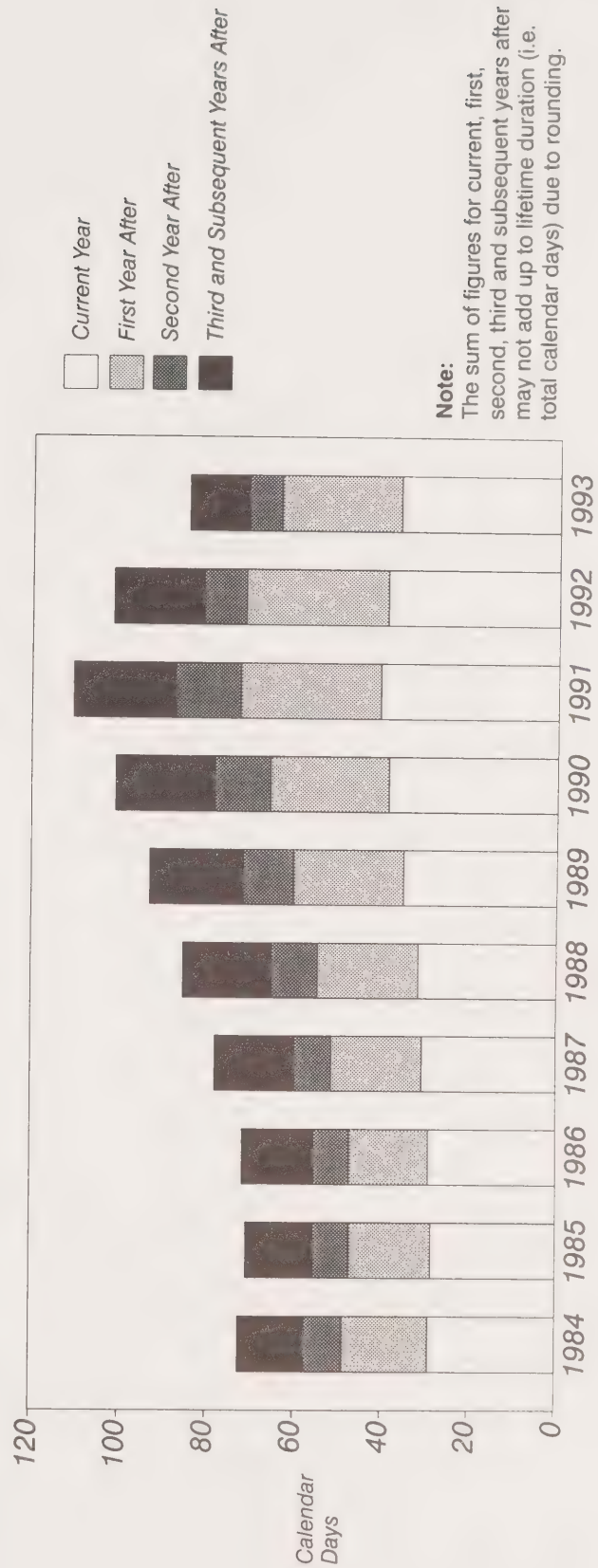
# Table 14

## Duration of Short-Term Disability Benefits (1984 - 1993)

Average Duration Components	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Current Year	29.1	28.5	29.2	30.8	31.7	35.2	38.7	40.7	39.2	36.4
First Year After	19.7	18.8	18.2	20.8	23.2	25.2	27.2	32.1	32.5	27.4
Second Year After	8.7	8.3	8.2	8.5	10.6	11.6	12.6	14.9	9.6	7.5
Third and Subsequent Years After	15.1	15.3	16.2	18.1	20.0	21.3	22.6	23.1	20.5	13.4
<b>Lifetime Duration (calendar days)</b>	<b>72.5</b>	<b>70.8</b>	<b>71.8</b>	<b>78.1</b>	<b>85.5</b>	<b>93.3</b>	<b>101.1</b>	<b>110.8</b>	<b>101.8</b>	<b>84.6*</b>

\* Matured 1 year into the future.

## Duration of Short-Term Disability Benefits





**f**uture economic loss awards and  
non-economic loss awards



## future economic loss (FEL)

Compensation for future economic loss (FEL) of earnings is awarded under section 43 of the *Workers' Compensation Act*. These benefits are applicable to accidents which occurred after January 1, 1990. Workers who sustain injuries resulting in permanent impairment or 12 months of continuous temporary total benefits are entitled to FEL benefits until age 65.

The amount of compensation is equal to 90% of the difference between the worker's net average earnings before the injury and the net average earnings that the worker is likely to be able to earn after the injury in suitable and available employment. All FEL awards shown in Table 15 are initial determinations (D1) of these benefits. The amount of these awards will be reviewed by the WCB two years

(R1) and five years (R2) after the date of initial determination. FEL awards shown in Table 16 refer to the first review (R1).

Supplements to FEL benefits are applicable to injured workers who are co-operating in a WCB-authorized vocational or medical rehabilitation program. Unemployed workers receiving a FEL award which is less than 100% may be eligible for supplemental benefits.

Sustainability awards are given to workers who are either employed with no wage loss or who are participating in a vocational rehabilitation program and are expected to return to work with no wage loss, but where the sustainability of the employment is uncertain.

# Table 15

Future Economic Loss (FEL) – New Awards For Initial Determination (1991 – 1993)

Percent Wage Loss	1991			1992			1993		
	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements
Sustainability Awards	1,092	23.8%	936	2,609	22.2%	2,184	1,647	22.3%	1,323
0.01 – 10.00%	369	8.1%	287	768	6.5%	546	479	6.5%	348
10.01 – 30.00%	1,160	25.3%	935	3,206	27.3%	2,444	1,936	26.2%	1,538
30.01 – 50.00%	985	21.5%	768	3,029	25.8%	2,316	1,983	26.9%	1,606
50.01 – 99.99%	977	21.3%	259	2,144	18.2%	741	1,334	18.1%	525
100.00%	518	11.3%	—	897	7.6%	—	557	7.5%	—
Total	4,583	100.0%	3,185	11,756	100.0%	8,231	7,379	100.0%	5,340

# Table 16

Future Economic Loss (FEL) – Awards For First Review (R1) (1993)

Percent Wage Loss	1993		
	Number of Awards	%	Awards with Supplements
Sustainability Awards	868	27.1%	197
0.01 – 10.00%	197	6.2%	68
10.01 – 30.00%	753	23.5%	347
30.01 – 50.00%	737	23.0%	353
50.01 – 99.99%	233	7.3%	55
100.00%	414	12.9%	—
Total	3,202	100.0%	1,020

## Notes:

1. Unemployed workers receiving a FEL award which is less than 100% may be eligible for supplemental benefits. About 84% of unemployed workers receiving a wage loss award less than 100% received a supplement at D1 and 45% received a supplement at R1.
2. A total of 3,541 FEL claims which were eligible for evaluation at R1 were reviewed in 1993. Of these, 339 claims were confirmed to be 0% wage loss and were non-monetary awards. They are not included in the above table.
3. FEL cases are not eligible for a benefit at R1 if no permanent impairment has been determined, workers have turned age 65 or have died.

# Table 17

## Non-Economic Loss (NEL) – New Awards (1992 – 1993)

Percent Permanent Impairment	1992		1993	
	Number of Awards	%	Number of Awards	%
0.01 – 1.00%	184	2.1%	338	1.9%
1.01 – 2.00%	514	6.0%	1,037	6.0%
2.01 – 3.00%	431	5.0%	936	5.4%
3.01 – 4.00%	539	6.3%	1,087	6.2%
4.01 – 5.00%	513	6.0%	933	5.4%
5.01 – 6.00%	421	4.9%	833	4.8%
6.01 – 7.00%	438	5.1%	806	4.6%
7.01 – 8.00%	469	5.4%	856	4.9%
8.01 – 9.00%	310	3.6%	612	3.5%
9.01 – 10.00%	388	4.5%	922	5.3%
10.01 – 15.00%	1,635	19.0%	3,457	19.9%
15.01 – 20.00%	1,335	15.5%	2,636	15.1%
20.01 – 25.00%	852	9.9%	1,700	9.8%
25.01 – 30.00%	330	3.8%	742	4.3%
30.01 – 40.00%	170	2.0%	344	2.0%
40.01 – 60.00%	44	0.5%	91	0.5%
60.01 – 99.99%	3	0.0%	39	0.2%
100.00%	31	0.4%	44	0.3%
<b>Total</b>	<b>8,607</b>	<b>100.0%</b>	<b>17,413</b>	<b>100.0%</b>

### Notes:

1. Compensation for non-economic loss (NEL) is awarded under section 42 of the *Workers' Compensation Act*. These benefits are applicable to accidents that occurred after January 1, 1990. Workers who suffer a permanent impairment as a result of a work injury are entitled to NEL benefits.
2. Workers become eligible for NEL benefits if at maximum medical rehabilitation a permanent impairment is likely. A worker reaches maximum medical rehabilitation when there is unlikely to be any further significant improvement in the worker's medical condition.
3. Permanent impairment means impairment that continues to exist after the worker achieves maximum medical rehabilitation. The percentage of impairment is determined through a medical assessment.
4. The first NEL benefits were awarded in April 1992.

**p**ension awards



### Periodic Pensions and Supplements Awarded During the Year by Percentage of Permanent Disability (1984 - 1993)

Life and Provisional Periodic Pension Awards													
Percent of Disability	Year of Award												
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
10.0% or less	6,522	6,250	6,997	8,379	7,249	11,355	8,774	7,903	5,488	3,312	59%		
10.1 – 20.0%	5,640	4,907	5,390	5,737	4,802	7,143	6,663	5,773	4,060	1,768	31%		
20.1 – 50.0%	2,222	2,044	2,048	2,230	1,856	2,661	2,368	1,616	1,106	499	9%		
50.1 – 99.9%	301	287	254	244	203	263	291	126	77	47	1%		
100.0%	131	138	143	143	121	156	224	80	37	30	1%		
Total	14,816	13,626	14,832	16,733	14,231	21,578	18,320	15,498	10,768	5,656	100%		

Supplements																				
Year of Award																				
	1984	%	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
Total	8,930	100%	11,734	100%	14,381	100%	17,163	100%	13,173	100%	24,623	100%	26,057	100%	13,901	100%	10,478	100%	5,425	100%
											Section 147(4)		20,889		8,542		5,394		2,813	
											Section 147(2)		5,168		5,359		5,084		2,612	

1. A substantially higher number of supplements were awarded in 1989 and 1990 as a result of the transitional provisions of section 147 of the *Workers' Compensation Act*.

1. A substantially higher number of supplements were awarded in 1989 and 1990 as a result of the transitional provisions of section 147 of the *Workers' Compensation Act*.
2. Figures exclude lump sum awards.
3. Starting from 1990, figures exclude reassessments.
4. Figures are not counts of workers receiving pensions and/or supplements. Some pensioners receive more than one award in a year.
5. The lower volume of pension awards in 1988 was the result of a backlog which was processed in early 1989. In combination, the total awards for the two years are consistent with previous levels and the growth in claims volumes over previous years.
6. The reduction in periodic pension awards in 1990 was offset by an increase in the number of workers who elected to receive their pension award as a lump sum.

# Table 19

## Periodic Pensions and Supplements Active at the End of the Year By Percentage of Permanent Disability (1984 - 1993)

Life and Provisional Periodic Pension Awards																				
Year of Award																				
Percent of Disability	1984	%	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
	36,871	40%	40,342	41%	44,198	41%	49,193	42%	53,626	43%	61,706	44%	67,328	45%	70,927	44%	73,928	44%	74,569	43%
	35,736	39%	38,629	39%	41,729	39%	45,064	39%	47,922	38%	52,558	38%	56,533	37%	61,651	38%	65,393	39%	66,589	39%
	9,620	11%	10,294	10%	10,979	10%	11,813	10%	12,490	10%	13,686	10%	14,712	10%	15,994	10%	17,176	10%	17,690	10%
	5,423	6%	5,698	6%	5,948	6%	6,182	5%	6,417	5%	6,824	5%	7,210	5%	7,729	5%	8,061	5%	8,264	5%
	3,742	4%	3,907	4%	4,010	4%	4,146	4%	4,237	3%	4,408	3%	4,982	3%	4,787	3%	4,893	3%	4,962	3%
	91,392	100%	98,870	100%	106,864	100%	116,398	100%	124,692	100%	139,182	100%	150,765	100%	161,088	100%	169,451	100%	172,074	100%
Supplements																				
Year of Award																				
Total	1984	%	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
	3,345	100%	4,260	100%	6,784	100%	9,015	100%	6,750	100%	22,976	100%	36,059	100%	40,784	100%	41,634	100%	40,100	100%
											Section 147(4)		33,501		35,681		35,926		35,343	
										Section 147(2)		2,558		5,103		5,708		4,757		

### Notes:

- Figures represent the total number of awards for which the WCB was paying benefits on December 31 of the reference year.
- Starting from 1990, figures exclude reassessments.
- Figures do not represent the number of workers receiving pensions and/or supplements. A small number of pensioners are in receipt of more than one award at December 31 of the reference year.
- Figures exclude lump sum awards.
- Provisional pensions are awarded in certain cases for a limited period of time.
- The substantially higher number of supplement awards active in 1989 and after was the result of the transitional provisions of section 147 of the *Workers' Compensation Act*.



**v**ocational rehabilitation activities



Table 20

## Injured Workers Referred for Vocational Rehabilitation (1984 - 1993)

	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Injured workers referred	7,633	11,269	11,365	13,496	13,811	16,051	28,083	37,251	28,704	26,574

Table 21

## Injured Workers Completing Rehabilitation Programs (1984 - 1993)

Injured Workers Employed with:	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993
Accident employer	1,293	2,031	2,145	2,001	2,123	3,057	4,865	8,657	10,211	9,577
New employer	2,162	2,534	2,678	2,867	3,099	3,260	2,640	2,148	2,357	2,297
Self-employed	259	309	328	361	299	346	461	327	373	297
<b>Total Employed</b>	<b>3,714</b>	<b>4,874</b>	<b>5,151</b>	<b>5,229</b>	<b>5,521</b>	<b>6,663</b>	<b>7,966</b>	<b>11,132</b>	<b>12,941</b>	<b>12,171</b>
Assisted in becoming financially self-sufficient	696	707	794	927	977	1,293	917	599	306	141
<b>Total Rehabilitated</b>	<b>4,410</b>	<b>5,581</b>	<b>5,945</b>	<b>6,156</b>	<b>6,498</b>	<b>7,956</b>	<b>8,883</b>	<b>11,731</b>	<b>13,247</b>	<b>12,312</b>





Ontario

**Workers' Compensation Board**  
**Commission des accidents du travail**



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Government  
Publications

Workers' Compensation Board of Ontario

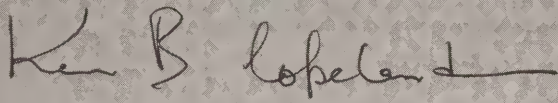


1994 Annual Report  
Putting it all together



The Honourable Henry N.R. Jackman, Lieutenant Governor of Ontario.

The Workers' Compensation Board is pleased to submit its annual report of operations for 1994.



Kenneth B. Copeland, Acting Chair, President and CEO



# ision Statement

*To be a Workers' Compensation Board valued and respected by workers, employers and the people of Ontario.*

The 1994 Annual Report was published internally by the Communications and Public Affairs Division of the Ontario Workers' Compensation Board. A Statistical Supplement to the 1994 Annual Report is available upon request.

***Before October 27, 1995:***

2 Bloor Street East, 26th Floor  
Toronto ON M4W 3C3  
(416) 927-3500

***After October 30, 1995:***

200 Front St. West, 18th Floor  
Toronto ON M5V 3J1  
(416) 344-4200

Si vous désirez obtenir un exemplaire du Rapport annuel et du Supplément statistique 1994 en français, veuillez vous adresser à la Division des communications et des affaires publiques de la Commission des accidents du travail.

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2, rue Bloor Est, 26<sup>e</sup> étage  
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(416) 927-3500

***Après le 30 octobre 1995 :***

200, rue Front Ouest, 18<sup>e</sup> étage  
Toronto ON M5V 3J1  
(416) 344-4200

# On the Cover

The cover illustration depicts, in a symbolic timeline, the shift in the Ontario economic base from agriculture and natural resources to a post-industrial, information age characterized by communications technology. This has resulted in the emergence of new types of injuries and occupational diseases, which in turn has had a fundamental impact on the way compensation is delivered in this province. The puzzle pieces that form the “floor” of the illustration represent elements of the compensation system. In order to revitalize the system, the co-operation of the compensation system’s participants – injured workers, employers and health care practitioners – is required. They are represented standing on the “floor”, hands joined in a symbolic display of partnership.

# Ten-year Summary

(\$ millions)

Year Ended December 31	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
Revenues	\$ 2,850	\$ 2,804	\$ 2,981	\$ 2,955	\$ 3,036	\$ 3,087	\$ 2,693	\$ 2,364	\$ 1,954	\$ 1,610
Expenses	2,720	3,308	3,662	4,214	3,655	4,206	3,352	2,848	2,780	4,281
Surplus (deficiency) from operations	\$ 130	\$ (504)	\$ (681)	\$ (1,259)	\$ (619)	\$ (1,119)	\$ (659)	\$ (484)	\$ (826)	\$(2,671)
Unfunded Liability	\$ 11,402	\$ 11,532	\$ 11,028	\$ 10,347	\$ 9,088	\$ 8,469	\$ 7,350	\$ 6,691	\$ 6,207	\$ 5,381
<b>Other Statistics</b>										
Average rate of assessment (per \$100 of payroll)	\$ 3.01	\$ 2.95	\$ 3.16	\$ 3.20	\$ 3.18	\$ 3.12	\$ 3.02	\$ 2.88	\$ 2.65	\$ 2.31
Number of WCB employees	4,603	4,751	4,909	5,139	5,138	4,611	4,387	4,211	4,218	3,735
Number of registered claims	370,444	368,485	377,019	409,946	473,407	467,212	489,819	469,681	442,080	426,880

# About the Ontario Workers' Compensation System

The Ontario workers' compensation system is a no-fault system in which injured workers forego the right to sue their employer and employers assume liability for the costs of workplace accidents and diseases.

The Workers' Compensation Board (WCB) is a Crown agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*). The WCB provides compensation to workers who sustain injuries arising out of and in the course of employment, or who contract an occupational disease. The workers' compensation system provides for the following benefits:

- coverage of any necessary health care costs resulting from a work-related injury or disease;
- replacement of lost earnings for time missed from work while the worker recovers;
- both future economic loss and/or non-economic loss benefits for permanent impairment;
- any necessary medical and vocational rehabilitation (VR);
- re-training and re-employment for some workers; and
- survivors' benefits, including VR, in the case of a fatality.

The system is funded by two groups of employers: Schedule 1 employers who are insured through collective liability; and Schedule 2 employers who are "self-insurers" and individually liable for the cost of their claims and related administrative expense. The WCB does not receive government funding or other financial assistance. Experience rating programs offered by the WCB provide a financial incentive to employers to reduce the occurrence of workplace accidents and diseases.



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# Chair's Message



**Kenneth B. Copeland**  
Acting Chair, President and CEO

Workers' compensation is often a difficult and controversial area of public policy. Jurisdictions all over the world are grappling with the need to make their workers' compensation systems more fair, responsive and sustainable. Workers are concerned about the difficulties they face in returning to meaningful and sustainable work. Employers, on the other hand, are worried about the present and future costs of the system in an increasingly competitive global economic environment. Both workers and employers want to ensure that sufficient funds are maintained within the system to meet present and future benefit payment obligations. While our clients sometimes hold differing views as to what is required to get the system back on track, there is virtually universal agreement that the status quo is no longer acceptable.

In April 1994, the government announced a workers' compensation reform agenda which included a series of measures to strengthen the governance of the WCB and to improve the financial viability of the system; to build on the good progress under way at the WCB in the areas of rehabilitation and return-to-work; and to provide increased pensions for a group of older injured workers who are the most financially vulnerable in the system. At the same time, the

government announced a Royal Commission to study and report in 1996 on the longer term issues facing the compensation system.

When I came to the WCB as the Vice-Chair of Administration and CEO in May 1994, I had two corporate goals: to prepare the WCB for the implementation of reform and to begin the process of restoring public confidence in the compensation system, especially with respect to improvement of our service delivery and financial sustainability.

Nineteen ninety-four was a year of challenge and accomplishment for the WCB:

- For the first time in 14 years, the WCB posted an operating surplus, thereby reducing its unfunded liability by \$130 million in 1994. This compares with an operating deficit which added \$504 million to the unfunded liability in 1993, representing a \$634 million year-over-year improvement.
- Also for the first time, we were able to set the 1995 assessment rate to match the target rate.

- We developed an Integrated Case Management Model which will be implemented in 1995. The Integrated Case Management Model emphasizes timely intervention and the active participation of workers, employers, and health care practitioners to return injured workers back to meaningful and sustainable work earlier. This will reduce the duration of the life of a claim and the related benefits expense.
- We are streamlining our internal appeals process and adding alternative dispute resolution mechanisms. Coupled with the mediation provisions of Bill 165, this action will result in a more flexible and cost effective appeals process that provides timely resolution to cases and reduces the adversarial nature of the system.



This year was one of numerous milestones for the WCB, not the least of which was the development and completion of a Strategic Plan, approved by the Board of Directors in September 1994. The Administration's 1995 Operational Plan was developed, for the first time in the WCB's history, with the Strategic Plan as a guiding beacon. I want to thank those members of the Board of Directors who have finished serving their terms: Maurice Dutrisac, Daphne J. FitzGerald, Stephen Mantis, Dennis Schweitzer, and the Honourable Robert Stanbury. They are responsible for developing the Strategic Plan along with Joseph Duffy, Homer Seguin and Carmer Sweica, who continue to serve on our present Board of Directors.

I would also like to pay tribute to the members of our Board of Directors who, both individually and collectively, have made very significant contributions to the workers' compensation system. In particular, I would like to thank my predecessors, Odoardo Di Santo and Brian King, for their dedication and hard work. They have displayed a degree of enthusiasm and commitment to workers' compensation that is truly commendable.

Nineteen ninety-four has been a time of significant change, and with change there is an inevitable period of disruption. We are indeed fortunate to be staffed by a loyal, dedicated and committed group of employees, for they have made and are making it all possible.

Although much has been accomplished, we must continue in our efforts to move the compensation system towards financial sustainability and service excellence. In the new world of legislative reform, the emphasis on the workplace parties to take ownership of the system has never been greater. What is accomplished depends on this vital partnership of employers, labour, injured workers, health care practitioners and the WCB. From legislative amendments to organizational change, the WCB is transforming the way we do business. I believe that, together, we can build a compensation system that is valued and respected by the people of Ontario.

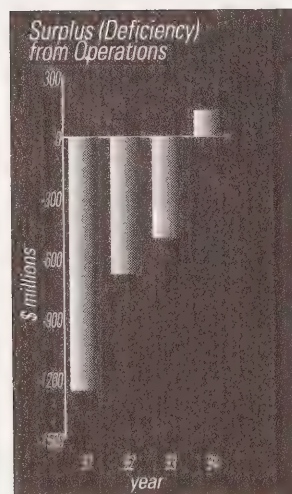
On behalf of the Board of Directors,

Kenneth B. Copeland  
Acting Chair, President and CEO



# Financial Highlights

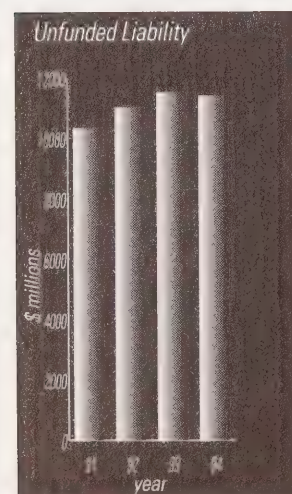
For the first time in 14 years, the WCB posted an operating surplus in 1994 and in the process reduced its unfunded liability by \$130 million. This compares with an operating deficit which added \$504 million to the unfunded liability in 1993.



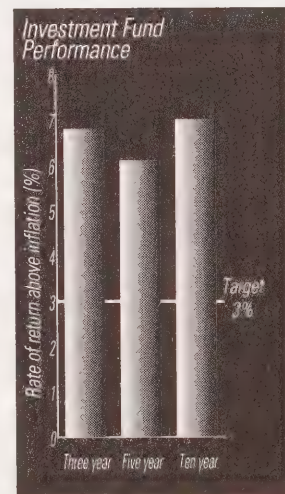
The \$634 million year-over-year improvement in operations was achieved primarily through lower benefits costs brought about by more effective initiatives, in co-operation with the workplace parties, to return injured workers to employment and by the net impact of Bill 165 on liabilities for existing claims.



However, operational cash shortfalls over each of the past several years has necessitated the transfer of monies from investments to the WCB's general operations to fund current year expenditures. A total of \$1.4 billion has been transferred from the WCB Investment Fund beginning in 1991.



While the rate of growth of the unfunded liability has been decreasing for the last few years, in 1994 the unfunded liability was reduced by \$130 million, the first actual reduction in 14 years.

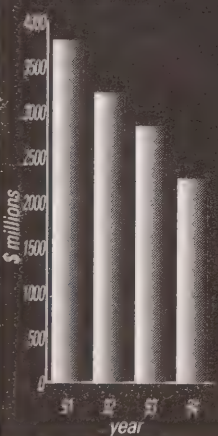


The WCB Investment Fund's long term objective is to achieve a 3 per cent rate of return over inflation. The three, five and ten year average rate of return above inflation is respectively 6.8 per cent, 6.1 per cent and 7.0 per cent.



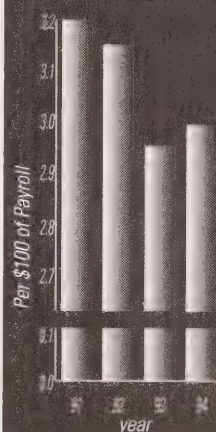
**Glenn Cooper**, Senior Vice-President, Finance and Administration  
and Chief Financial Officer

#### Benefits Expense



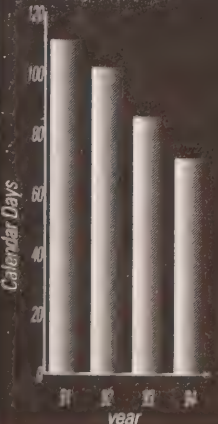
Reduced duration coupled with improved case management and better decision making have had a favourable impact on the overall costs of the system. The downward trend in benefits expense continued in 1994.

#### Average Assessment Rates



Assessment revenues increased largely due to an increase in employment in traditionally high injury risk sectors of the Ontario economy. Although the 1994 average assessment rate reflected a modest increase over 1993, the average rate has declined by 6 per cent from its 1991 level. The average 1995 assessment rate is \$3.00.

#### Duration of Short-Term Disability Benefits



The effect of returning workers back to suitable and sustainable work earlier reduces the amount of time they are on compensation benefits and allows them to maximize their earnings potential. The average duration of short-term disability benefits decreased from 110.8 days in 1991 to 71.6 days in 1994.

#### Administrative Expense



Administrative expenses continued to decline in 1994. Administrative costs, which primarily include staffing expenses, account for just over 10 per cent of the total costs of the workers' compensation system while service delivery items, including legislated obligations, account for the remainder.



# Integrated Case Management Model



**Catherine L. Rellinger**  
Senior Vice-President, Client Services

In 1994, the Board of Directors, in its Strategic Plan, directed the Administration to develop and implement “an integrated and continuously improving system of service delivery which enables workers, surviving dependants and employers to receive the benefits and services to which they are entitled in a fair, effective and timely manner.”

To develop the Integrated Case Management Model, which will begin to be implemented in the fall of 1995, Client Services formed a team to draw on the experiences and best practises of their offices and external organizations. The hard work of many groups and individuals over the years has led to the evolution of the claims management approach.

First, there was the integration of adjudication and vocational rehabilitation staff in 1987 which had a significant impact on the management of claims in the WCB. The next step, which is of particular importance, was the work of the 1993 Action Planning Teams. Their work provided the major foundation for the Integrated Case Management Model.

The Client Services team recognized the value of consulting with staff who are most directly involved in the work. WCB staff and senior management in the operating areas were asked for their input in identifying the best possible practices. The team also reviewed case management literature, and considered the experience of the case management pilots conducted in the Hamilton Regional Office and the Toronto East Integrated Service Unit. The test for the team was to respond effectively to the identified needs and expectations of the WCB’s clients.

To promote and facilitate the critical partnership of employers and workers, Client Services provides education and technical expertise to the workplace parties. Programs and services include: early streaming of cases towards appropriate medical and vocational rehabilitation (VR); disability management and modified work programs; ergonomic assessments, vocational evaluations, and functional abilities evaluations; workplace accommodations and placement



assistance with the accident employer or new employer; interpreting medical information and matching it to the demands of the workplace; incentives to facilitate return-to-work such as training-on-the-job and work trials; referral to community groups, agencies, and specialized help groups; and finally, upgrading skills and academic training for the worker.

Running parallel to the development of the Integrated Case Management Model, Bill 165 builds on this progress in the areas of rehabilitation and return-to-work. Prior to Bill 165, the WCB was required to contact the worker within 45 days of the accident to identify their need for VR services. Under Bill 165, the WCB is now obligated to also contact the employer promptly after contacting the worker to identify the employer's need for VR services and provide them if necessary. A VR plan is established in consultation with the worker, employer, and, where possible, the worker's physician.

The participation and continued involvement of the employer is essential to the ultimate success of the VR plan. At a minimum, employers will be required to attend meetings with the worker and the WCB to discuss possible return-to-work alternatives. They will be asked to respond to WCB inquiries that may assist in the development of an appropriate vocational objective for the worker. Where a re-employment obligation exists, the employer will be required to provide information to the WCB concerning employment opportunities in the workplace that may be suitable for the worker. Once a program or service has been designed, the employer must participate in a manner that would assist in the successful completion of the VR process.

These legislated provisions, along with the proposed Integrated Case Management Model, are designed to encourage the active involvement of the workplace parties in returning workers to meaningful and sustainable employment. Returning to work allows workers to regain their self-esteem, earnings potential and ability to contribute to society. And for employers, it means the costs to the system are lowered. Early and safe return-to-work benefits everyone.

#### Integrated Case Management Model

Team: (standing left to right)

**Dr. Barbara Whyllie**, Chief Medical Officer, **Catherine L. Rellinger**, Senior Vice-President, Client Services, **Dick Miller**, Director, London Regional Office, **Jenny Witiuk**, Director, Systems Quality Assurance and Payment Services, **George Picken**, Director, Hamilton Regional Office, (seated) **Judy Geary**, Director, Complex Case Unit - Injuries, **Wayne Weatherbee**, Director, Central Ontario Construction Integrated Service Unit, **Joy Raymond**, Chief Adjudication Officer, and **John Carroll**, Chief VR Officer. Absent: **Anne Nicoll**, Executive Assistant to the Senior Vice-President, Client Services.





# Legislative Reform – Bill 165 Overview

- A purpose section and financial responsibility framework established to guide the Board of Directors (see box at right).
- A new bipartite governance structure adopted for the Board of Directors (see page 36).
- The Minister of Labour may issue policy directions, approved by Cabinet, to the WCB for one year.
- VR and return-to-work provisions enhanced to foster better co-operation between the workplace parties (see Integrated Case Management Model, page 5).
- Monthly pensions increased by up to \$200 for some older injured workers.
- Benefits indexed to the Friedland Formula (see box, page 8).
- New mediation services offered for disputes involving maintenance of employment benefits, re-employment cases, medical and VR cases, and any other issues as determined by the WCB (see Mediation, page 9).
- Experience rating programs enhanced to consider an employer's health and safety record, and their VR and return-to-work programs (see Implementing Bill 165, page 8).
- Private vocational school training agencies allowed to have their trainees considered workers of the training agency.
- Double recovery eliminated for out-of-province workers who are receiving workers' compensation from another jurisdiction for the same accident.
- All references to "industrial disease" changed to "occupational disease".

## PURPOSE SECTION

The purposes of the *Workers' Compensation Act* are to:

- provide fair compensation to workers, their survivors and dependants;
- provide health care benefits, rehabilitation services and programs to facilitate the worker's return-to-work;
- provide for rehabilitation programs for workers' survivors; and
- require the Board of Directors to act in a financially responsible and accountable manner in governing the WCB.

# Implementing Bill 165

Most provisions of Bill 165 became law on January 1, 1995. This legislation is the most sweeping reform of the *Workers' Compensation Act* since 1989. The intent of Bill 165 is to make the compensation system more equitable and

## **FRIEDLAND FORMULA**

The Friedland Formula indexes some compensation benefits and other amounts under the *Act* to 75% of the Consumer Price Index (CPI), less 1%. The indexing factor will not exceed 4% or be less than 0%.

Certain groups are exempted from this formula and will continue to receive full CPI indexation.

These are persons receiving spousal or dependant benefits, 100% pre-Bill 162 pensions, 100% post-Bill 162 Future Economic Loss (FEL) awards, and the up to \$200 per month pension increase. In these cases, as well, the indexation factor cannot be less than 0%.

responsive to the needs of workers and employers and reduce its costs.

In laying the groundwork for the implementation of Bill 165, the WCB created 13 project teams representing different operating areas to identify and resolve the administrative and policy implications arising out of Bill 165.

Some of the provisions of Bill 165 required external input to determine how the WCB could best implement them to ensure fairness and effectiveness. To assist in this endeavour, an external Bill 165 Implementation Committee was formed with representation from employers, labour and health care practitioners.

In consultation with this external committee, the WCB is

developing a "return-to-work" form. With the consent of the worker, health care practitioners will be able to provide information about a worker's ability to return-to-work to the employer, worker and the WCB. The "return-to-work" form is intended to expedite the return-to-work process by facilitating the exchange of relevant information between workplace parties and the WCB.

Also in consultation with its clients, the WCB will develop a "template of best practises" to enhance current experience rating programs. Through this consultation process, the WCB will determine how to further encourage employers to improve health and safety in the workplace, and develop effective VR and return-to-work practises in partnership with their workers.



# M ediation and Client Appeals

Creating partnerships among the workplace parties is one of the key challenges for the workers' compensation system. The new mediation process will be one of many vehicles implemented by the WCB to encourage dialogue between employers and workers to resolve their differences and return workers back to employment sooner.

Historically, the WCB has offered a two level internal appeals system: a paper review, and a formal hearing. Workers or employers who are not satisfied with the outcome of the appeal can take their objection to the Workers' Compensation Appeals Tribunal (WCAT). WCAT is an independent body responsible for handling all objections to final decisions made by the WCB.

As an enhancement to the appeals process, the WCB has offered mediation services for re-employment disputes since 1990 and for Bill 162 VR disputes since 1991. The new mediation provisions in Bill 165 require the WCB to offer, as of April 3, 1995, mediation services for all objections related to VR cases, employment benefits, return-to-work and re-employment obligations. Objections to decisions on entitlement and disputes requiring further medical information will be handled through the regular WCB objection processes. All decisions, whether mediated or not, can be appealed to WCAT.



Left to right: **John Slinger**, Director, Decision Review Branch and Director, Hearings and Re-employment Branch, **Linda Jolley**, Senior Vice-President, Strategic Policy and Analysis and Senior Vice-President, Human Resources and Client Appeals.

The role of the WCB mediator is to help the parties resolve disputes themselves, through discussion and negotiation. The mediator is a facilitator who presents the parties with alternative options that neither party may have considered. The purpose is to promote dialogue to achieve a mutual solution.

The mediation process will be conducted mostly by telephone and teleconferencing. Complex cases, however, may require in-person mediation. Mediation is conducted in English or French. Interpreter services are available for other languages.

If the dispute cannot be resolved through mediation, the parties may ask the WCB mediator to make a binding decision or they may request a decision from a hearings officer. There is a legislated time limit – 60 days – within which the issues must be resolved, unless extended by the WCB due to exceptional circumstances.

Along with adopting the new mediation model, the WCB is streamlining its appeals system. Since 1991, the volume of appeals at the WCB has almost doubled. The system has been criticized by clients for having unnecessary duplication of review functions, for being inflexible in the way it reviews cases, and for fragmenting cases into an issue-by-issue examination, rather than taking a more holistic approach.

In response to these concerns, the WCB is adopting an integrated appeals system. The system will take a comprehensive approach to decision-making which will resolve cases faster, be more flexible in resolving cases, reduce the adversarial nature of the system, and utilize a variety of inquiry methods including alternative dispute resolution mechanisms.

These initiatives, along with the new mediation model required by Bill 165, will streamline the appeals process. WCB staff will be able to serve their clients faster and render quality decisions forged by the mutual agreement of the workplace parties.

#### Re-Employment Applications and Vocational Rehabilitation Objections Resolved

	1992	% of total	1993	% of total	1994	% of total
<b>Re-Employment</b>						
Returned to Unit	78	7.4	137	12.4	53	7.0
Resolved at Mediation	721	68.7	685	62.1	515	67.9
Resolved at Hearing*	251	23.9	281	25.5	190	25.1
<b>TOTAL</b>	<b>1050</b>	<b>100.0</b>	<b>1103</b>	<b>100.0</b>	<b>758</b>	<b>100.0</b>
<b>Vocational Rehabilitation</b>						
Returned to Unit	111	18.1	308	21.2	219	14.8
Resolved at Mediation	180	29.4	445	30.7	602	40.7
Resolved at Hearing*	321	52.5	697	48.1	659	44.5
<b>TOTAL</b>	<b>612</b>	<b>100.0</b>	<b>1450</b>	<b>100.0</b>	<b>1480</b>	<b>100.0</b>

\* Includes cases withdrawn by objecting party either before or at the hearing and those decided by way of a written decision by a Reinstatement Officer.



# Dealing with Fraud – An Award Winning Approach



Left to right: **Kerry Long**, Vice-President, Information Services and  
**Linda Lamoureux**, Director, Special Investigations Branch.

At a time when all organizations, including those in the private insurance sector, have become more frequent targets of fraud, the WCB has taken a lead role in recognizing and aggressively addressing all types of fraud. The WCB has implemented a comprehensive corporate strategy to prevent, detect, and effectively respond to attempts to defraud the compensation system. Approved in March 1993, this anti-fraud strategy has brought about a

strengthening of internal controls, WCB partnerships with both private and public sector organizations who are vulnerable to fraud, and formal contacts with most police forces in the province.

The WCB's anti-fraud strategy has several components including internal controls, policies and procedures, as well as fraud awareness training for employees to increase vigilance against abuse. The WCB has also established a Special Investigations Branch (SIB) to investigate suspected cases of revenue, benefit, supplier, service provider, and employee fraud. In responding to fraud, all appropriate administrative and civil actions, as well as criminal prosecutions, are considered.

In January 1994, the WCB's Information Services Division began developing a workstation for the SIB to take information from various databases and operational systems and integrate them into one environment. In the past, SIB investigators would examine a combination of paper reports, as well as access different databases and systems in order to conduct a comprehensive investigation. This process was costly and cumbersome because it required the use of several different computer systems.

To develop the new workstation, a new technology concept – rapid applications development (RAD) – was used. RAD is a technique that delivers applications faster and at reduced costs, while still being flexible enough to accommodate business or application changes. The SIB workstation has been recognized by the International Association of Open Systems Professionals and won the UniForum Open Systems Award for innovation in the public sector.

In August 1994, one month ahead of schedule, the workstation was installed in the SIB to aid staff with their investigations of suspected abuse. The workstation allows investigators to examine integrated information contained in various databases using only one program. No new data is created in the process, rather, data is brought into one cohesive and easily managed environment. This significantly shortens the time it takes to complete an investigation since investigators can gather and analyze data in one step.

The development of the new workstation reflects the WCB's commitment to ensure that the resources entrusted to us by the employers of the province to compensate and rehabilitate injured workers are used wisely and efficiently.



# Management Discussion and Analysis

The management discussion and analysis is an integral part of the 1994 Annual Report. It is intended to provide further insight into the operating performance and financial position of the Workers' Compensation Board (WCB).

## INTRODUCTION

The WCB was created under the *Workers' Compensation Act* (the *Act*) with the mandate to administer the *Act* for the workplace parties including two groups of employers: Schedule 1 employers who are insured through "collective liability"; and Schedule 2 employers who are "self-insurers" and are individually liable for the cost of their claims and related administrative expense. The WCB provides coverage to approximately 70 per cent of employed workers in the Province of Ontario.

The WCB receives no funding from the government, but derives its revenue from levies based on the assessable payrolls of Schedule 1 employers and reimbursements from Schedule 2 employers. The majority of the WCB's assessment revenue comes from the manufacturing, merchandising, resource, and construction sectors. Investment revenue is also earned from a diversified portfolio held to meet future obligations on existing claims.

The major expense of the WCB is benefits expense on claims arising from injuries incurred in the course of employment or from contracting an occupational disease. In addition, the WCB incurs administrative and other expenses in the course of managing its various functions and responsibilities under the *Act*. The WCB is also directed by the *Act* to make payments to meet legislated obligations.

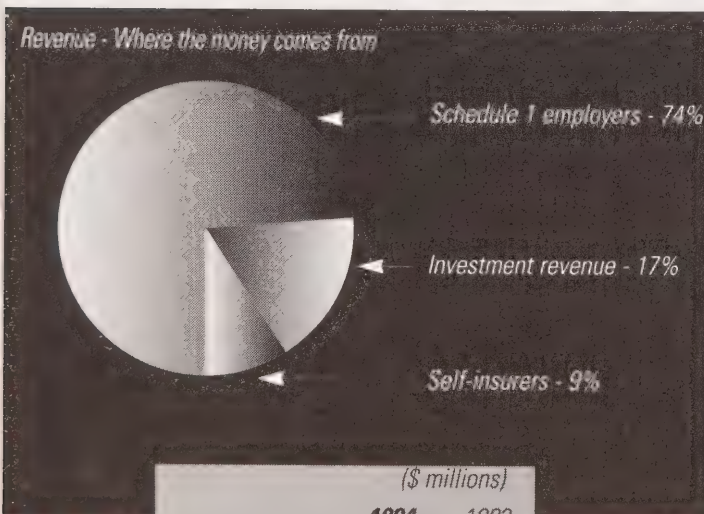
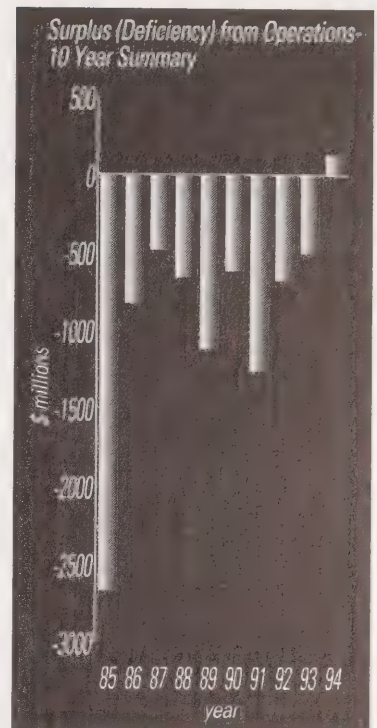
## OPERATIONAL SUMMARY

(\$ millions)	1994	1993	% Increase/ (Decrease)
<b>Revenues</b>			
Assessment	\$2,351	\$2,283	3.0
Investment	499	521	(4.2)
	<u>2,850</u>	<u>2,804</u>	1.6
<b>Expenses</b>			
Benefits			
Normal	2,561	2,865	(10.6)
Special (Bill 165)	(276)	-	-
Administration	331	343	(3.5)
Legislated obligations	104	100	4.0
	<u>2,720</u>	<u>3,308</u>	(17.8)
<b>Surplus/(deficiency) from operations</b>	<u>\$ 130</u>	<u>\$ ( 504)</u>	-

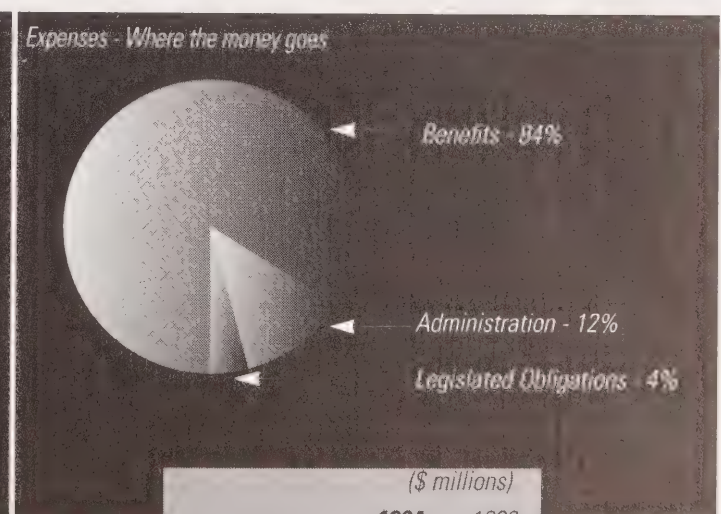
The surplus from operations of \$130 million represents a turnaround in the operational results from 1993 and is the first surplus registered since 1980. The turnaround was primarily the result of the effects of Bill 165 and service delivery improvements. Also, contributing to the improved operational performance were higher net assessment revenue and lower administration expenses. Although revenues increased by 1.6 per cent to \$2,850 million in 1994, they continued to be depressed from the pre-recession peak of \$3,087 million established in 1989. Higher employment in the manufacturing sector combined with higher average wages and a 2 per cent increase in the average assessment rate were responsible for the increase in revenues.

Bill 165 received Royal Assent in December 1994. The bill amends the *Act* in several areas, including the three key areas of corporate governance, rehabilitation and return-to-work, and financial sustainability.

The net effect of the changes arising from Bill 165 was a reduction of the Schedule 1 benefits expense and benefits liability by \$276 million at the 1994 year end. The adoption of the "Friedland" indexing formula, which limits indexation to 75 per cent of the Consumer Price Index, less 1 per cent, with a cap of 4 per cent has resulted in a \$1,805 million reduction in benefits expense. An increase of up to \$200 in the monthly pensions paid to certain workers resulted in an increase in the benefits expense of \$1,529 million.



	(\$ millions)	
	1994	1993
Assessments from Schedule 1 employers	<b>\$2,096</b>	\$2,015
Investment revenue	<b>499</b>	521
Reimbursements from self-insurers	<b>255</b>	268
	<b><u>\$2,850</u></b>	<u>\$2,804</u>



	(\$ millions)	
	1994	1993
Benefits	<b>\$2,285</b>	\$2,865
Administration	<b>331</b>	343
Legislated obligations	<b>104</b>	100
	<b><u>\$2,720</u></b>	<u>\$3,308</u>



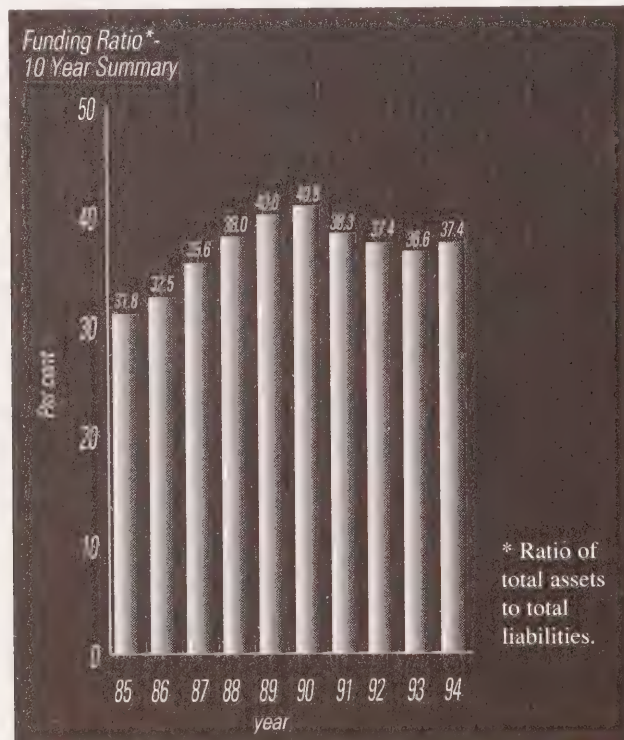
## UNFUNDED LIABILITY

Total assets in 1994 increased marginally to \$6.8 billion while total liabilities were relatively unchanged at \$18.2 billion. The slight increase in assets and unchanged liabilities translated into a 1.1 per cent reduction in the unfunded liability. The unfunded liability was \$11.4 billion at December 31, 1994, and it represents the shortfall if all Schedule 1 liabilities for incurred claims were payable at the end of 1994. The reduction in the unfunded liability in 1994 is explained below through a reconciliation of the unfunded liability position. The reconciliation highlights the factors that influenced the changes in the funded position. These factors include amendments to the *Act*, revised WCB policies, changes to the actuarial basis, investment results and variation in experience from expected results.

The major factors affecting the reduction in the unfunded liability in 1994 were:

(\$ millions)		1994
Unfunded liability, beginning of year		\$ 11,532
Expected interest expense on the unfunded liability		940
Amortization payment for current year		(487)
Change in benefits liability resulting from:		
Change in indexing factor under Bill 165	(1,805)	
Additional obligations under section 147(14) of Bill 165	1,529	
Changes in actuarial valuation methods and assumptions	(289)	
Provision for section 147(4) reinstatements	350	(215)
Experience (gains) losses resulting from:		
Indexation and interest rates	(768)	
Prior years' claims experience and other sources	548	
Current year's claims experience	(148)	(368)
Unfunded liability, end of year		<u>\$ 11,402</u>

The funding ratio, the ratio of total assets to total liabilities, now stands at 37.4 per cent.



## ASSESSMENT REVENUE

Assessment revenue is derived from levies based on the assessable payrolls of Ontario employers covered under the *Act* and reimbursements from self-insurers for both claims paid on their behalf and the costs of administering such claims.

The performance of the Ontario economy has a significant impact on the revenues of the WCB. The Ontario economy grew at the strong rate of 5.3 per cent in 1994, gaining momentum towards the end of the year. The labour market in Ontario grew, however, at the lower rate of 1.4 per cent. Part of the reason was that many firms are continuing to emphasize downsizing, cost cutting measures, performance improvements, and capital investments. Employment covered by the workers' compensation system remained almost unchanged with respect to 1993, but a shift in employment back to the traditional high injury risk sectors – high assessment rate sectors – of the Ontario economy became apparent in 1994.

For Schedule 1, the gross assessment revenue for 1994 was \$2,557 million, an increase of \$125 million over the previous year. This increase is attributable to an increase in most sectorial assessable payrolls, particularly in the high injury risk sectors of the economy, and to an increase in the average assessment rate. Schedule 1 total assessable payroll decreased, however, due to a transfer of 45 school boards with approximately \$2.5 billion in assessable payrolls to self-insurers. Employers who are eligible to transfer to Schedule 2 are required to pay special assessments to cover their share of the unfunded liability under Schedule 1 before the transfer. Most sectorial assessable payrolls increased due to employment gains, higher wages and salaries, and a higher maximum earnings ceiling covered by the workers' compensation system. The improvement in gross assessments was partially offset by an increase of \$64 million over 1993 in the provision for net refunds due to employers for experience rating.

The trend of the increasing off-balance between refunds and surcharges on experience rating has been an area of discussion and concern during 1994. The total net refund provision in 1994 amounted to \$359 million (1993: \$295 million). Proposals have been made to reduce the off-balance for the 1994 accident year, however, measures to address the off-balances for 1995 and beyond await further analysis and consultation.

The 1994 charge for bad debts has declined to \$173 million (1993: \$201 million), a decrease of \$28 million. This decline reflects an expected lower number of bankruptcies and business closures due to economic growth.

(\$ millions)	1994	1993	% Increase /(Decrease)
<b>Schedule 1</b>			
Gross Assessments	\$ 2,557	\$2,432	5.1
Experience Rating Net Refunds	(359)	(295)	21.7
Interest and Penalties	71	79	(10.1)
Bad Debts	(173)	(201)	(13.9)
	<b>2,096</b>	<b>2,015</b>	<b>4.0</b>
<b>Self-insurers</b>	<b>255</b>	<b>268</b>	<b>(4.9)</b>
<b>Net Assessments</b>	<b>\$2,351</b>	<b>\$2,283</b>	<b>3.0</b>

In 1994, the WCB implemented important revenue related initiatives intended to improve service delivery to clients and provide financial benefit to the WCB. Within the Revenue Department, the audit and collection functions were re-organized with an increased emphasis on pure collections, enforcement and tracing activities. This resulted in an improvement in cash collections over the same period in 1993. In addition, the implementation of a revised and streamlined authorization schedule for certain revenue transactions reduced processing time and resulted in more timely responses to enquiries from clients.



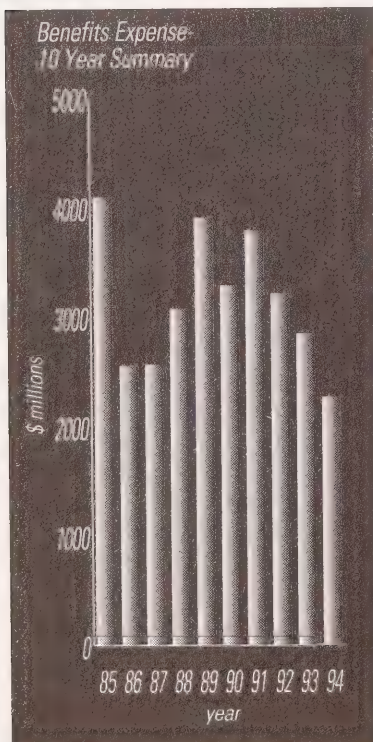
## BENEFITS

The benefits expense includes an estimate of the costs related to compensable injuries which occur in the year, together with adjustments to previous years' estimates. The estimate takes into account both reported and unreported injuries.

The cost estimate for the current year's injuries and adjustments to prior years' estimates are actuarially determined. In this determination, estimates of future benefit payments for current and prior years' injuries are made. The present value of these future benefit payments constitutes the benefits liability and it represents the WCB's obligation in relation to current and prior years' injuries. The size of this obligation, or liability, and the expense can be affected by various factors such as changes in legislation, adjudication policies and practices, effectiveness of rehabilitation, and economic conditions. While the determination of unpaid claims and estimates can be impacted by various judgemental factors, management considers the amount provided for to be sufficient.

Benefits expense amounted to \$2,256 million for 1994, \$579 million less than in 1993. The benefit payments for the year also declined by \$104 million or 4.3 per cent from 1993 to \$2,331 million.

(\$ millions)	1994	1993	% Increase /(Decrease)
Benefits liability, beginning of year	\$17,600	\$17,200	2.3
Benefits expense for the year			
Schedule 1	2,032	2,600	(21.8)
Self-insurers	224	235	(4.7)
	<u>19,856</u>	<u>20,035</u>	
Benefits paid, during the year			
Schedule 1	(2,107)	(2,200)	(4.2)
Self-insurers	(224)	(235)	(4.7)
	<u>(2,331)</u>	<u>(2,435)</u>	(4.3)
Benefits liability, end of year	<u>\$17,525</u>	<u>\$17,600</u>	(0.4)



Bill 165, improved service delivery, low indexation of benefits due to low inflation, and programs designed to improve safety in the workplace have contributed to reduce total benefits expense. The total benefits expense for Schedule 1 for the year was \$2,032 million (1993: \$2,600 million). This is the lowest figure for benefits expense in the past ten years.

The number of registered lost-time injuries was about the same as in 1993 and had a neutral impact on the decrease of benefits expense. Lost-time injuries had been declining since 1989 due to a shift in employment from high injury risk sectors to low injury risk sectors. This decline ended in 1994 as employment increased in the high injury risk manufacturing sector.

The decline in payments is primarily the result of a reduction in the duration of claims. This has been achieved through administrative improvements in staff training, improved quality of decision making, improved case management, and reallocation of resources to front line positions. These improvements with reinforcement by client input have generated significant savings in benefits expense and reduced benefit payments in 1994.

During 1994, the Client Services Division continued its emphasis on staff training and development. Together with improved case management and early return-to-work programs, 79.5 per cent of workers were off short-term benefits at 45 days and 93.0 per cent were off benefits at 180 days after the accident date. This is in comparison to 76.1 per cent at 45 days and 90.4 per cent at 180 days during 1993. Outside the WCB, the network of Community Clinics was expanded from 101 to 108 with a focus on under-serviced areas. In addition, the roster of external physicians was expanded from 778 to 1,190, an increase of 53 per cent. As a result, Schedule 1 short-term disability payments were \$337 million, a decrease of \$82 million from 1993. Overall, total Schedule 1 benefit payments were \$2,107 million, \$93 million less than in 1993.

While most of the 1994 Schedule 1 benefit payments have declined when compared to 1993, future economic loss (FEL) and non-economic loss (NEL) awards have increased quite substantially. Injured workers with permanent impairment may be entitled to FEL awards payable to age 65 subject to a 24th and 60th month review after initial determination. Based on Bill 162 which came into effect on January 2, 1990, an injured worker with permanent impairment can also receive a NEL award, in addition to the FEL award, with the amount depending on the degree of injury and age of the injured worker. In 1994, payments for Schedule 1 FEL awards increased by \$41 million to \$161 million and payments for NEL awards increased by \$28 million to \$135 million.

#### **ADMINISTRATIVE AND OTHER EXPENSES**

During 1994, the WCB continued its efforts to control costs and redeploy staff to front line positions to improve service delivery. The staffing level decreased to 4,603 by year end compared to 4,751 at year end 1993. The streamlining and automation of work methods in the operating areas also continued in 1994. These initiatives enabled the WCB to improve its level of service to clients while further reducing its staff level by another 3.1 per cent in 1994 (1993: 3.2 per cent reduction).

Savings achieved through measures arising from the Social Contract surpassed the established target. As a result, some employee benefits lost under the Social Contract in 1993 were restored. The administrative expense for the year includes a charge of \$7 million for the restoration.

#### **LEGISLATED OBLIGATIONS**

The WCB is obligated by legislation to fund the administration of agencies such as the Workplace Health and Safety Agency which supports the operations of medical clinics, training centres and accident prevention associations; as well as the programs of the *Occupational Health and Safety Act*, the Workers' Compensation Appeals Tribunal, the Office of the Worker Adviser, the Office of the Employer Adviser, Mine Rescue Stations, and the Occupational Disease Panel (formerly the Industrial Disease Standards Panel). The amount of funding requested by these agencies is approved by the Minister of Labour.

Funding for legislated obligations was \$104 million in 1994, an increase of \$4 million or 4 per cent over 1993.



## INVESTMENTS

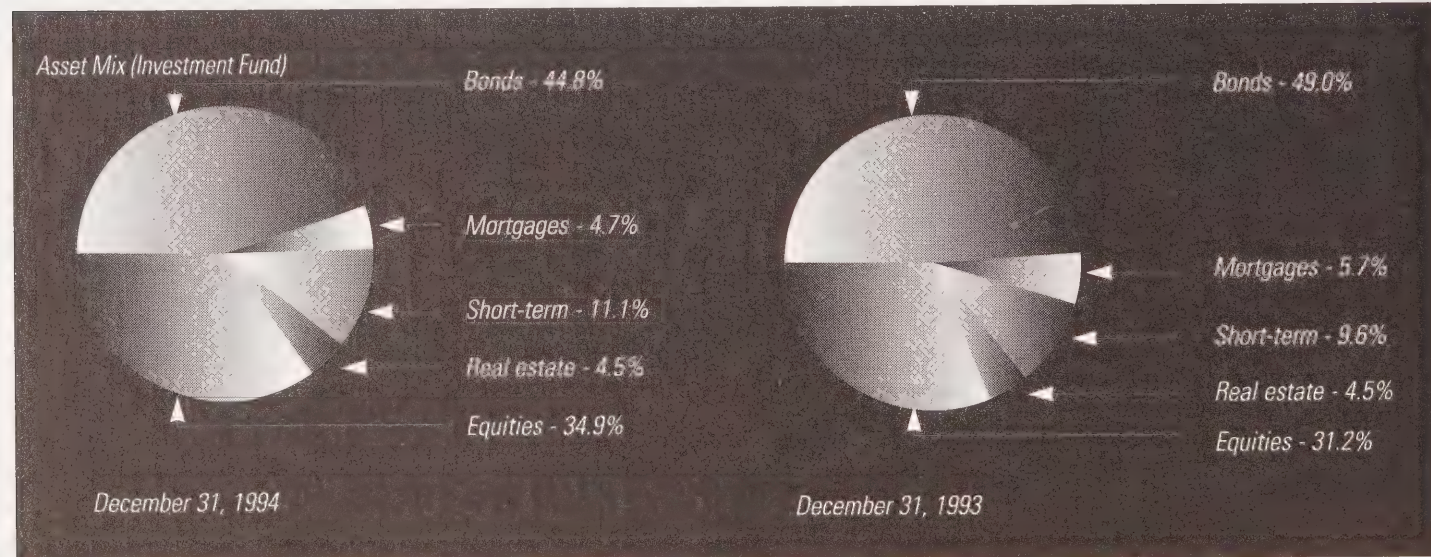
The WCB Investment Fund was established to provide a reserve to fund the future benefit payments in respect of injuries already sustained. Cash revenues in excess of current benefit, administrative and other payments are invested in the Fund to provide for these future payments. However, as a result of operational cash shortfalls during the past several years, no additional cash has been set aside for long term investment since 1990. Early in 1994, in order to fund current benefit payments an amount of \$400 million was transferred from investments to the general operations of the WCB. The total amount transferred to the general operating funds since 1991 totalled \$1.4 billion.

During the second half of 1994, Canadian investors recouped much of their losses foregone in the first six months, but returns for the year remained significantly below 1993 levels. Specifically, the overall market return on the Investment Fund for 1994 was -1.7 per cent compared with 19.6 per cent for 1993.

The investment objective of the Fund is to achieve an annualized market return of 3 per cent over the rate of inflation over the long term. The Investment Fund's performance continues to significantly surpass the 3 per cent objective over the past three, five and ten year periods with market returns exceeding the rate of inflation by 6.8 per cent, 6.1 per cent and 7.0 per cent, respectively.

The actual annualized market returns on the Investment Fund, as reported by an independent measurement service for the three, five and ten years ended December 31, 1994 were:

(Per cent)	Three Years	Five Years	Ten Years
Market return - Investment Fund	8.2	8.7	10.5
Return above inflation	6.8	6.1	7.0



## OUTLOOK

In 1995, employment levels are anticipated to increase as a result of continued economic growth. With higher employment in the goods producing sectors, the number of claims are expected to increase. Also, the pension supplements introduced under Bill 165 will add more than \$100 million to 1995 benefit payments. Higher assessable payrolls should generate revenues to more than offset the costs of increased claims. Although a stable work force is required to implement Bill 165, a reduction in administrative expenses is planned.

# Balance Sheet

Workers' Compensation Board  
Balance Sheet  
December 31, 1994

(\$ millions)

## ASSETS

	1994	1993
Cash and cash equivalents	\$ 478	\$ 370
Receivables	179	304
Investments (note 3)	5,901	5,814
Injured Workers' Retirement Fund (note 4)	75	46
Capital assets (note 5)	123	79
Other assets	54	46
	<u>\$ 6,810</u>	<u>\$ 6,659</u>


## LIABILITIES

Payables and accruals	\$ 475	\$ 413
Deposits	62	57
Project financing (note 6)	75	75
Injured Workers' Retirement Fund (note 4)	75	46
Benefits liability (note 7)	17,525	17,600
	<u>18,212</u>	<u>18,191</u>

## UNFUNDED LIABILITY

	(11,402)	(11,532)
	<u>\$ 6,810</u>	<u>\$ 6,659</u>

On behalf of the Board of Directors:



Stephen Cryne  
Director



John Martin  
Director

The accompanying notes form an integral part of the financial statements.



# Statement of Operations and Unfunded Liability

Workers' Compensation Board  
Statement of Operations and Unfunded Liability  
For the Year Ended December 31, 1994

(\$ millions)

	1994	1993
<b>REVENUES</b>		
Assessment		
Current	\$ 1,864	\$ 1,969
Unfunded liability	487	314
Investment (note 3)	499	521
	<u>2,850</u>	<u>2,804</u>
<b>EXPENSES</b>		
Benefits (note 7)		
Long-term disability	783	1,513
Rehabilitation	819	753
Short-term disability	299	146
Health care	272	284
Survivor benefits	83	139
	<u>2,256</u>	<u>2,835</u>
Net increase in the Injured Workers' Retirement Fund (note 4)	29	30
Administrative and other (note 8)	331	343
Legislated obligations (note 9)	104	100
	<u>2,720</u>	<u>3,308</u>
<b>SURPLUS (DEFICIENCY) FROM OPERATIONS</b>	<b>130</b>	<b>(504)</b>
<b>Unfunded Liability, beginning of year</b>	<b>11,532</b>	<b>11,028</b>
<b>Unfunded Liability, end of year</b>	<b>\$ 11,402</b>	<b>\$ 11,532</b>

The accompanying notes form an integral part of the financial statements.

# Statement of Cash Flows

Workers' Compensation Board  
Statement of Cash Flows  
For the Year Ended December 31, 1994

(\$ millions)

## CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from:

Employers, for assessments  
Investments

1994	1993
\$ 2,530	\$ 2,532
231	246
<u>2,761</u>	<u>2,778</u>

Cash paid to:

Claimants, survivors and care providers  
Injured Workers' Retirement Fund  
Employees and suppliers for administrative goods and services  
Others under legislated obligations

(2,331)	(2,435)
(29)	(30)
(313)	(329)
(104)	(100)
<u>(2,777)</u>	<u>(2,894)</u>

## Net cash used by operating activities

(16)	(116)
------	-------

## CASH FLOWS FROM FINANCING ACTIVITIES

Cash received from:

Project financing, net  
Self-insurers as deposits

-	62
<u>5</u>	<u>5</u>

## Net cash provided by financing activities

5	67
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## CASH FLOWS FROM INVESTING ACTIVITIES

Cash received from:

Sales and maturities of investments  
Net sales of short-term securities

2,601	2,258
-	409
<u>2,601</u>	<u>2,667</u>

Cash paid for:

Purchases of investments  
Net purchases of short-term securities  
Net purchases of capital assets

(2,264)	(2,478)
(157)	-
(61)	(22)
<u>(2,482)</u>	<u>(2,500)</u>

## Net cash provided by investing activities

119	167
-----	-----

## INCREASE IN CASH AND CASH EQUIVALENTS

108	118
-----	-----

Cash and Cash Equivalents, beginning of year

370	252
-----	-----

Cash and Cash Equivalents, end of year

<u>\$ 478</u>	<u>\$ 370</u>
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The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

December 31, 1994

(\$ millions)

## 1. NATURE OF OPERATIONS

The Workers' Compensation Board (WCB) is a Crown agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*), R.S.O. 1990.

The WCB administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the WCB's Accident Fund. Schedule 2 relates to employers who are "self-insured", in that they are individually liable. The federal government, which is covered under a separate agreement with Labour Canada, is also treated as a Schedule 2 employer. The WCB pays the actual cost of claims for workers of self-insurers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims.

The WCB does not receive government funding or other assistance and raises funds through assessments on the payrolls of employers covered under the *Act*, in order to provide compensation to workers or survivors of the workers who are injured in the course of employment or who contract an occupational disease.

## 2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are summarized as follows:

### Cash and cash equivalents

Cash and cash equivalents are operating funds consisting of cash and money market instruments with maturities of less than 6 months.

### Investments

#### a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

#### b) Equities and real estate

Equities and real estate are carried at cost adjusted towards market value, using a moving average market method based on five years. Realized gains and losses are deferred and amortized over a five-year period.

c) *Short-term securities*

Short-term securities consist of money market instruments with maturities of less than 12 months from the date of purchase and are carried at amortized cost. Gains and losses from sales are included in income in the year they occur.

d) *Foreign currency translation*

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

### **Injured Workers' Retirement Fund**

Investments held in the Injured Workers' Retirement Fund are carried at market value. Changes in market fluctuations are taken into income in the year they occur or are realized.

### **Capital assets and depreciation**

Capital assets are stated at cost. Capital assets, excluding land, are depreciated using the straight-line method at rates calculated to expense the cost of assets over the estimated useful lives. Construction-in-progress is stated at cost and represents the WCB's pro rata share of cost. Depreciation commences when the asset becomes fully operational.

### **Assessment revenue**

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Act*, adjusted for claim experience, where relevant. Assessment rates include a component for unfunded liability.

Included in assessment revenue are reimbursements by self-insurers for claims paid, as well as for the cost of administering the claims.

### **Benefits liability**

The benefits liability is based on the level and nature of entitlements and actuarial determinations. Estimates for reported and unreported claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgemental factors are included in the determination of unpaid claims, management believes the amounts provided for unpaid claims are adequate. Adjustments, if any, resulting from continuous review of entitlements and experience, availability of new information, and actuarial evaluations will be recorded in future accounting periods when such adjustments become known. The benefits liability has been discounted to present value, using a real interest rate of 3 per cent.

The benefits liability does not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers.

Provision has not been made for future administration costs of existing claims, arising in whole, or in part, from employment prior to December 31, 1994. Similarly, provision has not been made for the cost of claims for occupational diseases, or for the cost of existing claims for diseases and injuries that are not currently considered to be work-related, but may in the future be considered to be work-related.



### 3. INVESTMENTS AND INVESTMENT REVENUE

		1994		1993	
		Carrying Value	Market Value	Carrying Value	Market Value
<b>Fixed Income Securities</b>					
Bonds	- Government	\$ 770	\$ 756	\$ 305	\$ 343
	- Corporate	665	664	796	866
Coupons		1,382	1,483	1,708	2,130
Mortgages		307	298	368	387
		<u>3,124</u>	<u>3,201</u>	<u>3,177</u>	<u>3,726</u>
<b>Equities</b>					
Domestic		699	789	655	783
Foreign	- U.S.	514	638	443	611
	- Global	724	868	622	811
		<u>1,937</u>	<u>2,295</u>	<u>1,720</u>	<u>2,205</u>
<b>Real Estate</b>		331	285	345	309
<b>Short-term securities</b>					
Money market instruments		466	466	531	533
Accrued investment income		43	43	41	41
		<u>\$ 5,901</u>	<u>\$ 6,290</u>	<u>\$ 5,814</u>	<u>\$ 6,814</u>

Included in the carrying value of investments are deferred realized net gains of \$344 million (1993: \$230 million) and amortized unrealized net gains of \$146 million (1993: \$145 million).

The WCB engages in a securities lending program whereby investments are loaned to borrowers, approved by the Investment Fund's custodian, for a fee, against high quality collateral. At December 31, 1994, the market value of securities on loan was \$584 million (1993: \$483 million).

Revenue by category of investment is as follows:

	1994	1993
Bonds	\$ 115	\$ 121
Coupons	160	154
Equities	157	162
Mortgages	29	39
Short-term securities	42	41
Real estate	5	6
	<u>508</u>	<u>523</u>
Injured Workers' Retirement Fund	(1)	5
Investment expenses	(8)	(7)
Investment revenue	<u>\$ 499</u>	<u>\$ 521</u>

In 1994, \$101 million (1993: \$109 million) of realized and unrealized net gains, were amortized to investment revenue.

#### 4. INJURED WORKERS' RETIREMENT FUND

Under section 44 of the *Act*, the WCB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of the *Act*. In accordance with the provisions of the *Act*, these funds are segregated from the WCB's Accident Fund and are invested to provide for retirement pension payments to injured workers.

In 1994, the net increase in the Injured Workers' Retirement Fund was \$29 million (1993: \$30 million). This net increase resulted from funds set aside pursuant to section 44 of the *Act* in the amount of \$31 million, less \$1 million paid as retirement pensions and a \$1 million loss which arose from unrealized investment losses associated with the increase in interest rates.

The market value of investments at December 31 is as follows:

	1994	1993
Bonds	\$ 43	\$ 24
Coupons	24	21
Money market instruments	7	-
Accrued investment income	1	1
	<u>\$ 75</u>	<u>\$ 46</u>

#### 5. CAPITAL ASSETS

	1994		1993	Depreciation Rate %
	Cost	Net Book Value	Net Book Value	
Land	\$ 7	\$ 7	\$ 7	-
Construction-in-progress	89	89	37	-
Buildings	12	2	2	2 1/2
Leasehold improvements	6	1	1	10
Equipment	80	24	32	20
	<u>\$ 194</u>	<u>\$ 123</u>	<u>\$ 79</u>	

## 6. PROJECT FINANCING

The WCB is a 75% participant in a co-ownership agreement to develop and construct an office building. In 1993, the WCB entered into a long-term mortgage loan agreement to partially fund the project. The mortgage loan is secured by the project and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually. As at December 31, 1994, \$28 million of the mortgage loan was held in the form of cash and money market instruments to be applied to the development and construction of the office building.

Up to \$24 million of additional financing is available to the WCB under the above mortgage loan agreement subject to the fulfillment of certain conditions.

## 7. BENEFITS LIABILITY AND BENEFITS EXPENSE

The *Workers' Compensation Act* and the *Occupational Health and Safety Act* were amended by Bill 165, which received Royal Assent in December 1994.

Bill 165 provides certain pensioners injured before January 2, 1990 with an additional award of up to \$200 per month for life. The effect of this provision was to increase the present value of future benefits payments by \$1,529 million.

Until 1994, long-term benefits were indexed to 100% of the Consumer Price Index (CPI). The adoption of the "Friedland" indexing formula limits the indexation to 75% of the CPI, less 1%; with a 4% cap per year, as provided for in Bill 165. The indexing change does not apply to people receiving survivor or dependant benefits, or 100% pre-1990 pensions, or 100% wage loss awards, or benefits under section 147(4) of the *Act*. The effect of this provision was to reduce the present value of future benefits payments by \$1,805 million.

The net effect of the provisions referred to above is reflected in these financial statements. Their impact was to reduce the benefits liability at December 31, 1994 and the benefits expense for the year then ended by \$276 million.

The movement in benefits liability during 1994 was as follows:

	1994						1993
	Long-term Disability	Rehabil- itation	Short-term Disability	Health Care	Survivor Benefits	Total	Total
<b>Benefits liability,</b> beginning of year	\$ 13,867	\$ 761	\$ 620	\$ 1,126	\$ 1,226	<b>\$ 17,600</b>	\$ 17,200
<b>Benefits expense,</b> for the year	783	819	299	272	83	<b>2,256</b>	2,835
	14,650	1,580	919	1,398	1,309	<b>19,856</b>	20,035
<b>Benefits paid,</b> during the year							
Schedule 1	(1,054)	(417)	(337)	(213)	(86)	<b>(2,107)</b>	(2,200)
Self-insurers	(100)	(30)	(59)	(25)	(10)	<b>(224)</b>	(235)
	(1,154)	(447)	(396)	(238)	(96)	<b>(2,331)</b>	(2,435)
<b>Benefits liability,</b> end of year	\$ 13,496	\$ 1,133	\$ 523	\$ 1,160	\$ 1,213	<b>\$ 17,525</b>	\$ 17,600



Benefits paid consist of the following:

	Schedule 1		Self-insurers	
	1994	1993	1994	1993
<b>Long-term disability</b>				
Worker pensions	\$ 607	\$ 623	\$ 67	\$ 69
Supplements	151	155	11	12
Future economic loss	161	120	10	7
Non-economic loss	135	107	12	9
	<u>1,054</u>	<u>1,005</u>	<u>100</u>	<u>97</u>
<b>Rehabilitation</b>	417	465	30	33
<b>Short-term disability</b>	337	419	59	69
<b>Health care</b>				
Health care	191	201	22	23
Medical reports	22	24	3	3
	<u>213</u>	<u>225</u>	<u>25</u>	<u>26</u>
<b>Survivor benefits</b>	86	86	10	10
	<u>\$ 2,107</u>	<u>\$ 2,200</u>	<u>\$ 224</u>	<u>\$ 235</u>

## 8. ADMINISTRATIVE & OTHER EXPENSES

Administrative and other expenses consist of the following:

	1994	1993
Salaries and employee benefits	\$ 237	\$ 249
Equipment maintenance and depreciation	26	22
Occupancy	23	18
Communication	11	12
Supplies and services	14	9
Miscellaneous	14	11
Travel and vehicle maintenance	5	5
	<u>330</u>	<u>326</u>
Restructuring costs	-	16
Farm Safety Association	1	1
	<u>\$ 331</u>	<u>\$ 343</u>

## 9. RELATED PARTY TRANSACTIONS

### Legislated obligations

The WCB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The WCB is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Occupational Disease Panel (formerly the Industrial Disease Standards Panel), the Workplace Health and Safety Agency (WHSa) and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour and, in certain instances the WCB is directed by the Lieutenant Governor through Orders in Council to make those payments. The total amount of funding provided under these legislated obligations in 1994 was \$104 million (1993: \$100 million).

The WCB is required to provide funding of \$66 million (1994: \$66 million) to the WHSA for the 1995 calendar year, which was paid on January 3, 1995.



### **Institute for Work and Health**

The WCB also provides funding for the Institute for Work and Health (formerly the Ontario Workers' Compensation Institute). The funding provided in 1994 was \$5 million (1993: \$5 million). These expenses are included in administrative and other expenses.

### **Investments**

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations for \$580 million (1993: \$723 million).

### **Other**

In addition to the legislated obligations, accident prevention expenses and funding for the Institute for Work and Health referred to above, the financial statements also include amounts resulting from routine operating transactions conducted at prevailing market prices, with various Ontario government-controlled ministries, agencies, and Crown corporations with which the WCB may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

## **10. COMMITMENTS AND CONTINGENCIES**

### **Leases**

At December 31, 1994, the WCB was committed under non-cancellable leases requiring future minimum payments as follows:

1995	\$ 18
1996	8
1997	6
1998	5
1999	5
Beyond five years	55
	<u>\$ 97</u>

At December 31, 1993, total future minimum payments were \$106 million.

### **Investment commitment**

At December 31, 1994, outstanding investment commitments amounted to \$26 million (1993: \$77 million), primarily consisting of commitments to future mortgage advances.

### **Legal actions**

The WCB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on the WCB.

## 11. PENSION PLAN

The WCB has a contributory defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WCB.

An independent actuarial valuation performed as of December 31, 1994 has determined that the pension plan is in a surplus position. As at December 31, 1994, the Plan's funded status was as follows:

	1994	1993
Pension assets	\$ 622	\$ 577
Accrued pension obligations	\$ 492	\$ 485

## 12. SEGMENTED FINANCIAL INFORMATION

Operating results and net assets (liabilities) of Schedule 1, self-insurers and of the Injured Workers' Retirement Fund established in accordance with section 44 of the *Act*, included in the 1994 financial statements are as follows:

	Schedule 1	Self- insurers	Retirement Fund	Total
<b>Operating results:</b>				
Assessment revenue	\$ 2,096	\$ 255	\$ -	\$ 2,351
Investment revenue	498	2	(1)	499
Benefits expense	(2,032)	(224)	-	(2,256)
Net increase in the Injured Workers' Retirement Fund	(28)	(2)	1	(29)
Administrative, legislated obligations and other expenses	(404)	(31)	-	(435)
Surplus from operations	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 130</u>

	Schedule 1	Self- insurers	Retirement Fund	Total
<b>Net assets (liabilities):</b>				
Cash and investments	\$ 6,337	\$ 42	\$ -	\$ 6,379
Benefits liability	(17,525)	-	-	(17,525)
Injured Workers' Retirement Fund	-	-	(75)	(75)
Deposits	-	(62)	-	(62)
Other net assets (liabilities)	(214)	20	75	(119)
Unfunded liability	<u>\$ (11,402)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (11,402)</u>

## 13. COMPARATIVE FIGURES

Certain re-classifications have been made to the prior year financial statements to conform to the current year's presentation.

# *R*esponsibility for Financial Reporting

The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, comprising directors who are not officers or employees of the WCB, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, the internal auditors and the external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WCB's internal controls, practices and procedures.

The external auditors, KPMG Peat Marwick Thorne, working under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the WCB in accordance with generally accepted auditing standards. Their Report outlines the scope of this independent audit and their opinion on the financial statements of the WCB.

Eckler Partners Ltd., the independent consulting actuaries to the WCB, express an opinion on the adequacy and appropriateness of the valuation of the WCB's benefits liability.



Kenneth B. Copeland  
Acting Chair, President and CEO



Glenn W. Cooper  
Senior Vice-President, Finance and Administration  
and Chief Financial Officer

April 12, 1995



# Auditors' Report

 Peat Marwick Thorne

*To the Workers' Compensation Board,  
the Minister of Labour,  
and to the Provincial Auditor*

Pursuant to the *Workers' Compensation Act* which provides that the accounts of the Workers' Compensation Board (WCB) shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of the WCB as at December 31, 1994 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WCB's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1994 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

Toronto, Ontario

April 12, 1995





# onsulting Actuaries' Report

**Eckler Partners Ltd.**

*Consulting Actuaries' Report on the Valuation of the  
Benefits Liability of the Schedule 1 Accident Fund of the  
Workers' Compensation Board of Ontario as at December 31, 1994*

We have determined the estimated present value as at December 31, 1994 of future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be \$17,525 million, subject to the comments below. We have examined the data upon which the calculations were based and found them to be sufficient and reliable for the purposes of the valuation and consistent with the WCB's financial statements. We consulted with the WCB management including the Chief Actuary in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to occupational disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account WCB management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43, and of the portions of compensation for future loss of earnings under section 43, and of supplemental pensions under section 147(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe WCB management's estimates in this regard to be reasonable.

The present value also takes into account the provisions of Bill 165 which came into effect as of January 1, 1995, which affects the indexing of compensation and which provides for additional pension for certain categories of injured worker.

The valuation was based on the provisions of the *Workers' Compensation Act* and, except as described in the following paragraph, on the WCB's administrative practices in effect as of January 1, 1995. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum with respect to fully indexed benefits, on the assumption that investment income in excess of that rate will be required to finance increases in those benefits related to inflation. The long-term rate of general price inflation assumed in the valuation was 4% per annum.

We have been advised that on March 6, 1995 the WCB announced that, in accordance with section 70 of the *Act*, it will reconsider certain decisions which resulted in the discontinuation of section 147(4) supplements. This process may result in the reinstatement of some section 147(4) supplements and in the payment of additional section 147(14) supplements. The present value reported above includes a provision of \$350 million determined by WCB management with respect to such potential additional benefits. We believe that it is prudent and appropriate to establish a provision for these reconsiderations, although we are not able to provide an opinion with respect to the expected number of reinstatements due to the uncertainty as to the outcome of the reconsiderations.

Except as described above, the methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns and the improving mortality of injured workers and survivors and of amendments to the *Act*. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the WCB on the valuation.

In our opinion, subject to the foregoing comments, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of \$17,525 million as at December 31, 1994 makes reasonable provision for future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1994.



David A. Short, F.S.A., F.C.I.A.  
Actuaries with the firm of Eckler Partners Ltd.



M. David R. Brown, F.S.A., F.C.I.A.

April 12, 1995

# Ten-year History

## WORKERS' COMPENSATION BOARD TEN-YEAR SUMMARY OF THE STATEMENTS OF OPERATIONS AND UNFUNDED LIABILITY

(\$ millions)

	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985
<b>Revenues</b>										
Assessment	\$ 2,351	\$ 2,283	\$ 2,528	\$ 2,505	\$ 2,596	\$ 2,678	\$ 2,377	\$ 2,092	\$ 1,737	\$ 1,424
Investment	499	521	453	450	440	409	316	272	217	186
	<u>2,850</u>	<u>2,804</u>	<u>2,981</u>	<u>2,955</u>	<u>3,036</u>	<u>3,087</u>	<u>2,693</u>	<u>2,364</u>	<u>1,954</u>	<u>1,610</u>
<b>Expenses</b>										
Benefits paid	2,331	2,435	2,444	2,342	2,059	1,782	1,624	1,463	1,246	1,099
Net increase (decrease) in benefits liability	(75)	400	760	1,440	1,220	2,117	1,443	1,096	1,304	2,990
Net increase in the Injured Workers' Retirement Fund	29	30	14	2	-	-	-	-	-	-
	<u>2,285</u>	<u>2,865</u>	<u>3,218</u>	<u>3,784</u>	<u>3,279</u>	<u>3,899</u>	<u>3,067</u>	<u>2,559</u>	<u>2,550</u>	<u>4,089</u>
Administrative and other	331	343	347	343	323	281	259	267	214	187
Legislated obligations	104	100	97	87	53	26	26	22	16	18
	<u>2,720</u>	<u>3,308</u>	<u>3,662</u>	<u>4,214</u>	<u>3,655</u>	<u>4,206</u>	<u>3,352</u>	<u>2,848</u>	<u>2,780</u>	<u>4,285</u>
<b>Surplus (deficiency) from operations</b>	130	(504)	(681)	(1,259)	(619)	(1,119)	(659)	(484)	(826)	(2,679)
<b>Unfunded Liability, beginning of year</b>	11,532	11,028	10,347	9,088	8,469	7,350	6,691	6,207	5,381	2,711
<b>Unfunded Liability, end of year</b>	<u>\$ 11,402</u>	<u>\$ 11,532</u>	<u>\$ 11,028</u>	<u>\$ 10,347</u>	<u>\$ 9,088</u>	<u>\$ 8,469</u>	<u>\$ 7,350</u>	<u>\$ 6,691</u>	<u>\$ 6,207</u>	<u>\$ 5,381</u>
<b>OTHER STATISTICS</b>										
<b>Schedule 1</b>	<b>1994</b>	<b>1993</b>	<b>1992</b>	<b>1991</b>	<b>1990</b>	<b>1989</b>	<b>1988</b>	<b>1987</b>	<b>1986</b>	<b>1985</b>
• Average rate of assessment (per \$100 of payroll)	\$3.01	\$ 2.95	\$ 3.16	\$ 3.20	\$ 3.18	\$ 3.12	\$ 3.02	\$ 2.88	\$ 2.65	\$ 2.33
• Total assessable payroll (\$ millions)	\$82,818	\$84,243	\$83,048	\$80,727	\$80,352	\$79,475	\$73,789	\$67,974	\$61,574	\$57,021
Number of WCB employees as at December 31	4,603	4,751	4,909	5,139	5,138	4,611	4,387	4,211	4,218	3,731
Number of registered claims	370,444	368,485	377,019	409,946	473,407	467,212	489,819	469,681	442,080	426,881



# B oard of Directors



## CURRENT BOARD

Seated left to right: **Joseph Duffy**, Business Manager and Secretary-Treasurer, Provincial Building and Construction Trades Council of Ontario, **Pearl MacKay**, Executive Assistant to the President, United Food and Commercial Workers, Local 1000A, **John Martin**, Vice-Chair, Workers, **Kenneth B. Copeland**, Acting Chair, President and CEO, **Stephen Cryne**, Vice-Chair, Employers, **Ethel LaValley**, Executive Board Member, Ontario Public Service Employees' Union, (standing) **David Crisp**, Vice-President, Human Resources, Hudson's Bay Company, **Ralph Steedman**, President, Talisman & Co., **Carmer Sweica**, Secretary-Treasurer, Blair Creek Holdings Inc., **Homer Seguin**, Director, Occupational Disease Panel, **Jayne Berman**, President, The Golden Plug, and **S. Ronald Ellis**, Chair, Workers' Compensation Appeals Tribunal (non-voting member).

The WCB is governed by a Board of Directors appointed by the Lieutenant Governor of Ontario. The Board of Directors comprises five worker and employer representatives, two of whom are full-time vice-chairs, and two directors representative of the public jointly recommended by the worker and employer directors. The Chair of the WCB is nominated by the worker and employer directors. The Chair of the Workers' Compensation Appeals Tribunal sits as a non-voting member of the Board. The President of the WCB is appointed by, and reports to, the Board of Directors.

## PAST MEMBERS (DURING 1994)

Odoardo Di Santo (past Chair), Maurice Dutrisac, Daphne J. FitzGerald, Brian King (past Vice-Chair of Administration), Stephen Mantis, Dennis Schweitzer, and the Honourable Robert Stanbury.



# Senior Management Team



Left to right: **Kenneth B. Copeland**, Acting Chair, President and CEO, **Glenn Cooper**, Senior Vice-President, Finance and Administration and Chief Financial Officer, **Linda Jolley**, Senior Vice-President, Strategic Policy and Analysis and Senior Vice-President, Human Resources and Client Appeals, **Catherine L. Rellinger**, Senior Vice-President, Client Services, **Peter G. Mueller**, Vice-President, Communications and Public Affairs, **Mary Linton**, Vice-President, Investments, and **Kerry Long**, Vice-President, Information Services.



# Workers' Compensation Board Offices

## HEAD OFFICE

The WCB will be relocating its head office between July and November, 1995.

*Until July 14, 1995*  
2 Bloor Street East  
Toronto ON M4W 3C3

*As of July 17, 1995*  
Simcoe Place  
200 Front Street West  
Toronto ON M5V 3J1

## General Inquiry

*Until November 3, 1995*  
(416) 927-9555  
*As of July 17, 1995*  
(416) 344-1000

1-800-387-0750  
1-800-387-5595  
1-800-387-5540

Teletypewriter (TTY)  
1-800-387-0050

## Revenue Inquiry

(416) 927-3925 or 1-800-387-8638  
*As of September 11, 1995*  
(416) 344-1013 or 1-800-387-8638

**Internet:** wcbcomm@gov.on.ca

## INTEGRATED SERVICE UNITS

### Central Ontario East

(416) 927-9227  
1-800-263-8877  
*As of September 5, 1995*  
(416) 344-1001 or 1-800-263-8877

### Central Ontario West

(416) 927-1840  
1-800-387-0025  
*As of August 8, 1995*  
(416) 344-1005 or 1-800-387-0025

### Central Ontario South

(416) 927-9537  
1-800-387-0068  
*As of July 31, 1995*  
(416) 344-1007 or 1-800-387-0068

### Central Ontario Construction

(416) 927-9538  
1-800-387-0080  
*As of July 17, 1995*  
(416) 344-1004 or 1-800-387-0080

### Toronto North

(416) 927-9270  
1-800-387-8607  
*As of August 8, 1995*  
(416) 344-1003 or 1-800-387-8607

### Toronto South

(416) 927-9539  
1-800-387-0064  
*As of July 24, 1995*  
(416) 344-1008 or 1-800-387-0064

### Toronto East

(416) 927-8533  
1-800-387-0066  
*As of August 28, 1995*  
(416) 344-1002 or 1-800-387-0066

### Toronto West

(416) 927-1090  
1-800-387-0062  
*As of July 24, 1995*  
(416) 344-1006 or 1-800-387-0062

### Complex Case Unit (Injuries)

(416) 927-8399  
1-800-465-5538  
*As of August 14, 1995*  
(416) 344-1009 or 1-800-465-5538

### Complex Case Unit (Diseases)

(416) 927-3774  
1-800-465-9646  
*As of August 14, 1995*  
(416) 344-1010 or 1-800-465-9646

## TORONTO CLAIMS INFORMATION CENTRE

1382 St. Clair Avenue West  
Toronto ON M6E 1C6  
(416) 652-1212

## REGIONAL OFFICES Hamilton

P.O. Box 2099  
Station LCD1  
120 King Street West  
Hamilton ON L8N 4C5  
(905) 523-1800  
1-800-263-8488  
(416, 519, 613, 705 & 905)

## London

148 Fullarton Street  
London ON N6A 5P3  
(519) 663-2331  
1-800-265-4752

## Ottawa

360 Albert Street  
Suite 200  
Ottawa ON K1R 7X7  
(613) 238-7851  
1-800-267-9601  
(Ontario & Quebec)

## Sudbury

30 Cedar Street  
Sudbury ON P3E 1A4  
(705) 675-9301  
1-800-461-3350 (705 & 819)

## Thunder Bay

P.O. Box 7000  
410 Memorial Avenue  
Thunder Bay ON P7C 5S2  
(807) 343-1710  
1-800-465-3934 (204, 705, 807)

## Windsor

235 Eugenie Street West  
Windsor ON N8X 2X7  
(519) 966-0660  
1-800-265-7380  
(All of Canada)

## AREA OFFICES Kingston

234 Concession Street  
Suite 304  
Kingston ON K7K 6W6  
(613) 544-9682  
1-800-267-9461 (613)

## Kitchener/Waterloo

151 Frederick Street  
Kitchener ON N2H 2M2  
(519) 576-4130  
1-800-265-2570

## North Bay

128 McIntyre Street West  
North Bay ON P1B 2Y6  
(705) 472-5200  
1-800-461-9521  
(Ontario & 819)

## Sault Ste. Marie

153 Great Northern Road  
Sault Ste. Marie ON P6B 4Y9  
(705) 942-3002  
1-800-461-6005 (705, 807)

## St. Catharines

Lake-Carlton Plaza  
161 Carlton Street  
Suite 201  
St. Catharines ON L2R 1R5  
(905) 687-8622  
1-800-263-2484

## Timmins

Pine Plaza  
119 Pine Street South  
Suite 310  
Timmins ON P4N 2K3  
(705) 267-6427  
1-800-461-9856  
(705 & 819)

## NOTE:

Each toll-free number has the area code(s) or area(s) that it services indicated in brackets after it. Where no area code(s) is specified, all of Ontario is served.



**Workers'  
Compensation  
Board**

**Commission  
des accidents  
du travail**



1000  
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W o r k e r s ' C o m p e n s a t i o n B o a r d o f O n t a r i o



Statistical Supplement to the

1994 Annual Report



# Statistical Supplement to the 1994 Annual Report

This publication is supplemental to the WCB 1994 Annual Report. Ten-year trend figures are shown where available. In some tables, percentages do not necessarily add up to 100 due to rounding.

The WCB's 1994 Annual Report is also available upon request from the Workers' Compensation Board Communications and Public Affairs Division.

*Until October 27, 1995*

2 Bloor Street East

26th Floor

Toronto ON M4W 3C3

(416) 927-3500

*As of October 30, 1995*

200 Front Street West, 18th Floor

Toronto ON M5V 3J1

(416) 344-4200

**Teletypewriter (TTY)**

1-800-387-0050

**Internet:** wcbcomm@gov.on.ca

Vous pouvez obtenir un exemplaire du Rapport annuel 1994 et du Supplément statistique en français auprès de la Commission des accidents du travail, Division des communications et des affaires publiques.

*Jusqu'au 27 octobre 1995*

2, rue Bloor Est, 26<sup>e</sup> étage

Toronto ON M4W 3C3

(416) 927-3500

*À compter du 30 octobre 1995*

200, rue Front Ouest, 18<sup>e</sup> étage

Toronto ON M5V 3J1

(416) 344-4200

**ATS**

1-800-387-0050

**Internet :** wcbcomm@gov.on.ca

The WCB recently developed new data collection and reporting systems. The implementation of these systems results in more timely reporting. Reporting of detailed claims profiles for 1995 accidents are available upon request. To receive more information, please call the Information Hotline at (416) 927-4137 in Toronto, or toll-free, 1-800-387-5540 extension 4137 before October 20, 1995. Effective October 20, 1995 the Information Hotline telephone numbers will change to (416) 344-4700, or toll-free, 1-800-387-5540 extension 4700.

ISSN 0848-5046 Statistical Supplement 1994

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# *Claim Volumes*

Tables in this section provide different perspectives on the number of accidents which occurred in the workplace each year and the workers' compensation claims arising from these accidents.

Table 1 lists the number of claims according to the year a claim is reported and registered. This provides an indication of the administrative workload at the WCB. Delays in reporting and the long processing times of some complex cases complicate the tabulation and reporting of statistics concerning accidents and claims for a given year. The count of accidents grows or matures as more claims are reported and decisions are made. The process by which the counts grow after the end of the year, due to registrations and

dispositions of pending claims, is called "maturing". The other two tables show the number of claims according to when the accident occurred. Since some accidents are reported late, the number of claims by year of accident changes, depending on when the count is made. Table 2 provides a snapshot of the accident counts by claim status as of March 31 following the year of accident (three months after the end of the year) while Table 3 gives a snapshot at 15 months after the end of the year, when most maturing has occurred.

More details and background on these summary statistics can be found in the explanatory notes that accompany each table.

# Table 1

## NUMBER OF REGISTRATIONS IN A YEAR (1985 - 1994)

Figures in this table show the number of claims registered with the WCB in each year. Annual volumes of claim registrations provide a measure of the overall administrative workload at the WCB.

Although most claims are reported and registered in the same year as the accident occurred, there are cases in which the claim is reported and registered after the year of the accident. This table provides a breakdown of registered claims for accidents that occurred in the current year and in prior years.

The figures encompass all claims reported to the WCB in the reference year, including those that are allowed, not allowed and those pending at the end of the year (such as those awaiting further information upon which to base an entitlement decision).

The breakdown of claims by accidents in the current year and in prior years provides a relative measure of reporting delays in different years.

### Number of Claims and Percentage of Total Claims

	Year of Registration																			
	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%
Accidents in Current Year	405,963	95%	418,208	95%	444,130	95%	472,348	96%	447,577	96%	433,814	92%	390,115	95%	361,437	96%	351,486	95%	356,236	96%
Accidents in Prior Years	20,917	5%	23,872	5%	25,551	5%	17,471	4%	19,635	4%	39,593	8%	19,831	5%	15,582	4%	16,999	5%	14,208	4%
Total Registrations	426,880	100%	442,080	100%	469,681	100%	489,819	100%	467,212	100%	473,407	100%	409,946	100%	377,019	100%	368,485	100%	370,444	100%



# Table 2

## NUMBER OF ACCIDENTS IN A YEAR REGISTERED AS OF MARCH 31 OF THE FOLLOWING YEAR (1988 - 1994)

Figures in this table show the number of accidents which occurred in the reference year and registered by March 31 of the following year.

Some claims are not reported and/or not allowed in the same year as the accident occurred. Therefore, these figures are not complete counts of all accidents that may have occurred during the reference year. Rather, they are an accurate representation of decisions made up

to three months after the year of accident (in other words, up to March 31 of the following year). In addition, the breakdown by type of claim (lost-time, no lost-time, etc.) is based on the status of claims as of March 31 of the following year. These statuses, particularly the pending status, may change after March 31. For instance, a claim with pending status on March 31 may later change to lost-time, no lost-time, or not allowed.

Status as of March 31 of the Following Year	Year of Accident											
	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%
<b>SCHEDULE 1</b>												
Allowed Lost-Time	185,585	43%	178,255	42%	161,781	42%	133,492	38%	116,184	36%	105,885	34%
Allowed No Lost-Time	205,557	47%	193,300	46%	184,990	46%	174,263	49%	163,399	50%	160,999	51%
Not Allowed	36,796	8%	39,827	9%	45,809	11%	41,802	12%	42,070	13%	45,279	14%
Abandoned	28,480		32,051		37,980		33,651		32,954		35,774	
Denied	8,316		7,776		7,829		8,151		9,116		9,505	
Pending	7,308	2%	11,007	3%	5,795	1%	3,107	1%	3,311	1%	2,369	1%
<b>Sub-total</b>	<b>435,246</b>	<b>100%</b>	<b>422,389</b>	<b>100%</b>	<b>398,375</b>	<b>100%</b>	<b>352,664</b>	<b>100%</b>	<b>324,904</b>	<b>100%</b>	<b>314,532</b>	<b>100%</b>
<b>SCHEDULE 2</b>												
Allowed Lost-Time	22,914	44%	22,712	44%	22,663	44%	21,983	44%	20,756	43%	19,237	41%
Allowed No Lost-Time	21,293	41%	20,552	40%	20,780	40%	20,941	42%	20,235	42%	19,376	42%
Not Allowed	6,907	13%	6,482	13%	6,873	13%	6,843	14%	7,167	15%	7,550	16%
Abandoned	5,494		5,204		5,762		5,498		5,534		5,724	
Denied	1,413		1,278		1,111		1,345		1,633		1,826	
Pending	1,294	2%	1,618	3%	871	2%	573	1%	572	1%	472	1%
<b>Sub-total</b>	<b>52,408</b>	<b>100%</b>	<b>51,364</b>	<b>100%</b>	<b>51,187</b>	<b>100%</b>	<b>50,340</b>	<b>100%</b>	<b>48,730</b>	<b>100%</b>	<b>46,635</b>	<b>100%</b>
<b>TOTAL</b>												
Allowed Lost-Time	208,499	43%	200,967	42%	184,444	42%	155,475	39%	136,940	37%	125,122	35%
Allowed No Lost-Time	226,850	47%	213,852	45%	205,770	46%	195,204	48%	183,574	49%	180,375	50%
Not Allowed	43,703	9%	46,309	10%	52,682	10%	48,645	12%	49,237	13%	52,829	15%
Abandoned	33,974		37,255		43,742		39,149		38,488		41,498	
Denied	9,729		9,054		8,940		9,496		10,749		11,331	
Pending	8,602	2%	12,625	3%	6,666	1%	3,680	1%	3,883	1%	2,841	1%
<b>Total</b>	<b>487,654</b>	<b>100%</b>	<b>473,753</b>	<b>100%</b>	<b>449,562</b>	<b>100%</b>	<b>403,004</b>	<b>100%</b>	<b>373,634</b>	<b>100%</b>	<b>361,167</b>	<b>100%</b>
												<b>369,150</b>
												<b>100%</b>

### Notes:

1. Reporting claim volumes in this manner started in 1989. Comparable claim volumes statistics for years prior to 1988 are not available.
2. Lost-time claims include compensable claims by workers who have lost wages as a result of a temporary disability, as well as those who have a permanent impairment with time lost from work.
3. No lost-time claims involve accidents where no wage loss benefits were paid to the worker. Permanent impairment injuries or occupational diseases where the worker did not lose time from work beyond the day of the accident are also included.
4. Abandoned claims include cases where the WCB could not collect information from the worker to substantiate the claim or the worker withdraws a claim.
5. Denied claims include cases where the injuries or diseases are not work-related (denial based on merit) or workers/employers are not covered by the *Workers' Compensation Act* (denial based on status).
6. Employers in Ontario are categorized as either Schedule 1 or Schedule 2. Schedule 1 employers are required to pay annual assessments, which form the WCB's Accident Fund. Compensation and health care for injured workers are paid for out of this fund and administered by the WCB. The majority of employers in Ontario form Schedule 1. Under Schedule 2, each employer is liable for paying the compensation and health care costs of any worker who suffers an occupational accident or disease. Employers in this category include: municipal, provincial and federal governments, railways, airlines and telephone companies.

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# NUMBER OF ACCIDENTS IN A YEAR WITH ESTIMATE FOR MATURING (1988 - 1994)

This table is an extension of Table 2. The purpose is to provide, as closely as possible, a count of the claims which will ultimately be registered and allowed that arise from accidents occurring in the reference year. The process by which the counts grow after the end of the year, due to registrations and dispositions of pending claims, is called "maturing". A matured count of claims more accurately reflects the base upon which liabilities and the ultimate costs of the workers' compensation system are based.

The figures below show the number of accidents in the reference year based on registration and decisions made up to 15 months after the

end of the accident year. For example, the figures for 1988 show the number of accidents for that year registered and adjudicated by March 31, 1990. Likewise, the breakdown of claims is based on the statuses of these claims as of March 31 of the second year after the year of accident.

By comparing these figures to those reported in Table 2, an estimate can be obtained of the additional maturing resulting from additional claims reported after March 31 of the following year, and also from changes in status, such as from pending to allowed.

Status as of March 31 of the Second Year		Year of Accident													
		1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994*	%
<b>SCHEDULE 1</b>															
Allowed Lost-Time	192,466	44%	183,875	43%	165,139	41%	135,281	38%	118,390	36%	107,189	34%	109,708	34%	
Allowed No Lost-Time	206,344	47%	195,427	46%	186,484	47%	175,469	50%	164,007	50%	159,950	51%	158,940	49%	
Not Allowed	37,550	9%	44,414	10%	48,127	12%	42,969	12%	43,259	13%	45,728	15%	54,489	17%	
Abandoned	28,253		35,085		38,964		33,839		33,072		35,520		43,613		
Denied	9,297		9,329		9,163		9,130		10,187		10,208		10,876		
<b>SCHEDULE 2</b>															
Allowed Lost-Time	23,970	46%	23,595	46%	23,267	45%	22,499	44%	21,614	44%	20,834	42%	19,646	41%	
Allowed No Lost-Time	21,398	41%	20,785	41%	20,985	41%	21,239	42%	20,640	42%	21,053	42%	19,155	40%	
Not Allowed	6,961	13%	6,816	13%	7,103	14%	7,052	14%	7,339	15%	7,948	16%	8,663	18%	
Abandoned	5,311		5,274		5,748		5,493		5,523		5,885		6,522		
Denied	1,650		1,542		1,355		1,559		1,816		2,063		2,141		
<b>TOTAL</b>															
Allowed Lost-Time	216,436	44%	207,470	44%	188,406	42%	157,780	39%	140,004	37%	128,023	35%	129,354	35%	
Allowed No Lost-Time	227,742	47%	216,212	46%	207,469	46%	196,708	49%	184,647	49%	181,003	50%	178,095	48%	
Not Allowed	44,511	9%	51,230	11%	55,230	12%	50,021	12%	50,598	13%	53,676	15%	63,152	17%	
Abandoned	33,564		40,359		44,712		39,332		38,595		41,405		50,135		
Denied	10,947		10,871		10,518		10,689		12,003		12,271		13,017		

\* The 1994 data is estimated. The estimates are based on prior registration experience and the probabilities associated with the disposition of new and pending claims.

# Detailed Claims Profiles

The tables in this section provide, by year of accident, detailed analyses of lost-time injuries and occupational diseases as reported in Table 2. Lost-time claims reported and allowed as of March 31 of the following year are included.

The profile breakdowns are based on national standards:

- for nature of injury, part of body, type of accident and source of injury (Tables 6 to 9), American National Standards Institute (ANSI) is used;
- for occupation (Table 10), *Canadian Classification and Dictionary of Occupations* (CCDO) is used; and
- for industry (Table 11), *Standard Industrial Classification Manual* (SIC) is used.

## Note:

As indicated in the explanatory notes of Table 2, the total number of accidents shown in these profiles is not a complete count of accidents that have occurred in the reference year. The figures are the result of a snapshot taken as of March 31 of the following year. For further details, please read the explanatory notes in Table 2.



# Table 4

## LOST-TIME CLAIMS BY AGE GROUP (1985 - 1994)

Age Group	Year of Accident											
	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%
15-19 years	11,380	6.1%	12,097	6.2%	12,809	6.2%	13,186	6.3%	11,453	5.7%	8,685	4.7%
20-24 years	32,946	17.7%	33,593	17.1%	33,851	16.5%	32,689	15.7%	29,075	14.5%	23,608	12.8%
25-29 years	30,100	16.1%	32,534	16.6%	34,225	16.7%	35,512	17.0%	34,257	17.0%	30,651	16.6%
30-34 years	24,660	13.2%	26,411	13.5%	28,534	13.9%	29,501	14.1%	29,208	14.5%	27,332	14.8%
35-39 years	21,194	11.4%	22,290	11.4%	23,083	11.2%	23,602	11.3%	22,937	11.4%	22,023	11.9%
40-44 years	16,197	8.7%	16,676	8.5%	18,082	8.8%	19,347	9.3%	19,026	9.5%	18,888	10.2%
45-49 years	13,653	7.3%	14,074	7.2%	14,579	7.1%	14,761	7.1%	14,257	7.1%	13,746	7.5%
50-54 years	12,155	6.5%	12,176	6.2%	12,634	6.2%	12,451	6.0%	11,861	5.9%	11,474	6.2%
55-59 years	9,780	5.2%	9,728	5.0%	9,942	4.8%	10,040	4.8%	9,370	4.7%	8,923	4.8%
60-64 years	5,650	3.0%	5,676	2.9%	5,649	2.8%	5,574	2.7%	5,201	2.6%	4,879	2.6%
65 years and over	680	0.4%	704	0.4%	741	0.4%	792	0.4%	754	0.4%	737	0.4%
Not available	8,253	4.4%	9,978	5.1%	11,130	5.4%	11,044	5.3%	13,568	6.8%	13,498	7.3%
<b>Total</b>	<b>186,648</b>	<b>100%</b>	<b>195,337</b>	<b>100%</b>	<b>205,259</b>	<b>100%</b>	<b>208,499</b>	<b>100%</b>	<b>200,967</b>	<b>100%</b>	<b>184,444</b>	<b>100%</b>
											<b>136,940</b>	<b>100%</b>
											<b>125,122</b>	<b>100%</b>
											<b>125,644</b>	<b>100%</b>

# Table 5

## LOST-TIME CLAIMS BY GENDER (1985 - 1994)

Gender	Year of Accident											
	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%
Male	143,884	77.1%	149,786	76.4%	155,002	75.5%	155,546	74.6%	145,742	72.5%	128,387	69.6%
Female	42,488	22.8%	45,836	23.4%	49,624	24.2%	52,244	25.1%	50,825	25.3%	47,654	25.8%
Not available	276	0.1%	315	0.2%	633	0.3%	709	0.3%	4,400	2.2%	8,403	4.6%
<b>Total</b>	<b>186,648</b>	<b>100%</b>	<b>195,337</b>	<b>100%</b>	<b>205,259</b>	<b>100%</b>	<b>208,499</b>	<b>100%</b>	<b>200,967</b>	<b>100%</b>	<b>184,444</b>	<b>100%</b>
											<b>136,940</b>	<b>100%</b>
											<b>125,122</b>	<b>100%</b>
											<b>125,644</b>	<b>100%</b>



# LOST-TIME CLAIMS BY NATURE OF INJURY AND DISEASE (1985 - 1994)

*Note:* NEC stands for not elsewhere classified.

# Table 7

## LOST-TIME CLAIMS BY PART OF BODY INJURED (1985 - 1994)

Part of Body Injured	Year of Accident											
	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%
Back (including neck)	53,430	28.6%	56,515	28.8%	59,896	29.2%	56,172	26.9%	57,880	28.8%	55,290	30.0%
Upper extremities (arms & hands)	46,909	25.1%	49,083	25.1%	51,525	25.1%	52,380	25.1%	48,086	23.9%	39,916	21.6%
Lower extremities (legs & feet)	35,153	18.8%	37,023	18.9%	37,971	18.5%	38,177	18.3%	35,797	17.8%	31,114	16.9%
Trunk (excluding back)	18,427	9.9%	19,083	9.7%	20,040	9.8%	25,583	12.3%	19,388	9.6%	17,499	9.5%
Multiple parts	13,493	7.2%	13,601	6.9%	14,316	7.0%	14,718	7.1%	15,248	7.6%	13,406	7.3%
Head	12,678	6.8%	13,135	6.7%	13,243	6.5%	13,688	6.6%	12,393	6.2%	10,753	5.8%
Not applicable	6,315	3.4%	6,950	3.5%	7,494	3.7%	6,750	3.2%	7,190	3.6%	7,306	4.0%
Unclassified or unidentified	243	0.1%	547	0.3%	774	0.4%	1,031	0.5%	4,985	2.5%	9,160	5.0%
<b>Total</b>	<b>186,648</b>	<b>100%</b>	<b>195,937</b>	<b>100%</b>	<b>205,259</b>	<b>100%</b>	<b>208,499</b>	<b>100%</b>	<b>200,967</b>	<b>100%</b>	<b>184,444</b>	<b>100%</b>
											<b>136,940</b>	<b>100%</b>
											<b>125,122</b>	<b>100%</b>
											<b>125,644</b>	<b>100%</b>

Note: Not applicable category consists mainly of occupational illnesses.

# Table 8

## LOST-TIME CLAIMS BY TYPE OF ACCIDENT (1985 - 1994)

Type of Accident	Year of Accident											
	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%
Overexertion	55,735	29.9%	59,910	30.6%	64,878	31.6%	66,280	31.8%	62,227	31.0%	56,291	30.5%
Bodily reaction	26,057	14.0%	26,406	13.5%	26,336	12.8%	27,352	13.1%	27,440	13.7%	26,869	14.6%
Struck by	37,716	20.2%	38,678	19.7%	40,784	19.9%	40,929	19.6%	37,749	18.8%	31,802	17.2%
Fall on same level	17,884	9.6%	17,250	8.8%	17,874	8.7%	18,435	8.8%	17,980	8.9%	17,102	9.3%
Caught in, under or between	13,925	7.5%	14,429	7.4%	14,858	7.1%	15,052	7.2%	13,794	6.9%	10,802	5.9%
Struck against	11,861	6.3%	12,819	6.5%	12,637	6.2%	12,389	5.9%	12,185	6.1%	10,944	5.9%
Exhaustion	10,027	5.4%	10,895	5.6%	11,062	5.4%	10,944	5.2%	10,357	5.2%	9,469	5.1%
Contact with radiation, caustic, toxic and noxious substances	4,275	2.3%	4,406	2.2%	4,659	2.3%	4,358	2.1%	4,083	2.0%	3,654	2.0%
Contact with extreme temperature	4,281	2.3%	4,327	2.2%	4,540	2.2%	4,489	2.2%	3,951	2.0%	3,536	1.9%
Motor vehicle accidents	1,904	1.0%	1,860	0.9%	2,004	1.0%	2,041	1.0%	2,031	1.0%	2,028	1.1%
Vehicle accidents, NEC	420	0.2%	735	0.4%	742	0.4%	714	0.3%	589	0.3%	592	0.3%
Rubbed or abraded	869	0.5%	1,103	0.6%	1,161	0.6%	1,038	0.5%	1,058	0.5%	770	0.4%
Contact with electric current	256	0.1%	283	0.1%	312	0.2%	261	0.1%	249	0.1%	248	0.1%
Public transportation accidents	193	0.1%	245	0.1%	203	0.1%	191	0.1%	147	0.1%	77	0.0%
Accident type, NEC	944	0.5%	2,360	1.2%	2,734	1.3%	3,348	1.6%	988	0.5%	229	0.1%
Unclassified or unidentified	311	0.2%	231	0.1%	675	0.3%	678	0.3%	6,129	3.0%	10,031	5.4%
<b>Total</b>	<b>186,648</b>	<b>100%</b>	<b>195,937</b>	<b>100%</b>	<b>205,259</b>	<b>100%</b>	<b>208,499</b>	<b>100%</b>	<b>200,967</b>	<b>100%</b>	<b>184,444</b>	<b>100%</b>
											<b>136,940</b>	<b>100%</b>
											<b>125,122</b>	<b>100%</b>
											<b>125,644</b>	<b>100%</b>

Note: NEC stands for not elsewhere classified

## LOST-TIME CLAIMS BY SOURCE OF INJURY (1985 - 1994)

Table continued on next page.



## LOST-TIME CLAIMS BY SOURCE OF INJURY (1985 - 1994)

\* The reduction in the noise category is due to the re-classification of hearing loss claims. See note in table 6.



## LOST-TIME CLAIMS BY OCCUPATION (1985 - 1994)

*Note: NEC stands for not elsewhere classified.*

# Table 11

## LOST-TIME CLAIMS BY INDUSTRY (1985 - 1994)

Industry*	Year of Accident															
	1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%
Manufacturing	73,000	39.1%	78,104	39.9%	82,430	40.2%	82,528	39.6%	77,457	38.5%	65,847	35.7%	49,920	32.1%	41,422	30.2%
Community, business and personal services	31,337	16.8%	33,039	16.9%	35,267	17.2%	35,940	17.2%	35,483	17.7%	35,993	19.5%	33,473	21.5%	30,819	22.5%
Trade	27,379	14.7%	29,123	14.9%	30,447	14.8%	33,347	16.0%	32,203	16.0%	30,758	16.7%	25,253	16.2%	23,043	16.8%
Public administration and defense	14,276	7.6%	14,251	7.3%	14,268	7.0%	14,946	7.2%	14,799	7.4%	14,152	7.7%	13,892	8.9%	13,038	9.5%
Transportation, communications and other utilities	17,633	9.4%	17,276	8.8%	16,918	8.2%	16,365	7.8%	16,025	8.0%	15,295	8.3%	13,635	8.8%	12,409	9.1%
Construction	15,301	8.2%	16,991	8.7%	18,790	9.2%	18,755	9.0%	19,093	9.5%	16,434	8.9%	10,846	7.0%	8,102	5.9%
Agriculture	2,456	1.3%	2,361	1.2%	2,236	1.1%	2,019	1.0%	1,749	0.9%	1,748	0.9%	1,559	1.0%	1,339	1.0%
Finance, insurance and real estate	1,684	0.9%	1,580	0.8%	1,626	0.8%	1,658	0.8%	1,651	0.8%	1,498	0.8%	1,219	0.8%	1,058	0.8%
Mines	2,280	1.2%	2,130	1.1%	2,377	1.2%	2,151	1.0%	1,804	0.9%	1,595	0.9%	1,294	0.8%	949	0.7%
Forestry	1,249	0.7%	1,037	0.5%	874	0.4%	772	0.4%	656	0.3%	573	0.3%	483	0.3%	414	0.3%
Fishing and trapping	51	0.0%	45	0.0%	26	0.0%	18	0.0%	22	0.0%	23	0.0%	15	0.0%	18	0.0%
Unclassified or unidentified	2	0.0%	0	0.0%	0	0.0%	0	0.0%	25	0.0%	528	0.3%	3,886	2.5%	4,329	3.2%
<b>Total</b>	<b>186,648</b>	<b>100%</b>	<b>195,937</b>	<b>100%</b>	<b>205,259</b>	<b>100%</b>	<b>208,499</b>	<b>100%</b>	<b>200,967</b>	<b>100%</b>	<b>184,444</b>	<b>100%</b>	<b>155,475</b>	<b>100%</b>	<b>136,940</b>	<b>100%</b>
													<b>125,122</b>	<b>100%</b>	<b>125,644</b>	<b>100%</b>

\*Based on Standard Industrial Classification (1970 version).

# Occupational Fatalities

Fatal claims refer to all claims where a fatality has occurred and fatal benefits are being claimed. This section shows the distribution of fatal claims submitted (Table 12) and fatal claims allowed (Table 13). The number of allowed claims are irrespective of the year in which the claim was registered or the year in which the fatality occurred. Therefore, numbers within each of the two tables are not comparable.

Fatal claims are categorized into the following:

- occupational diseases — the worker had an occupational disease and died;

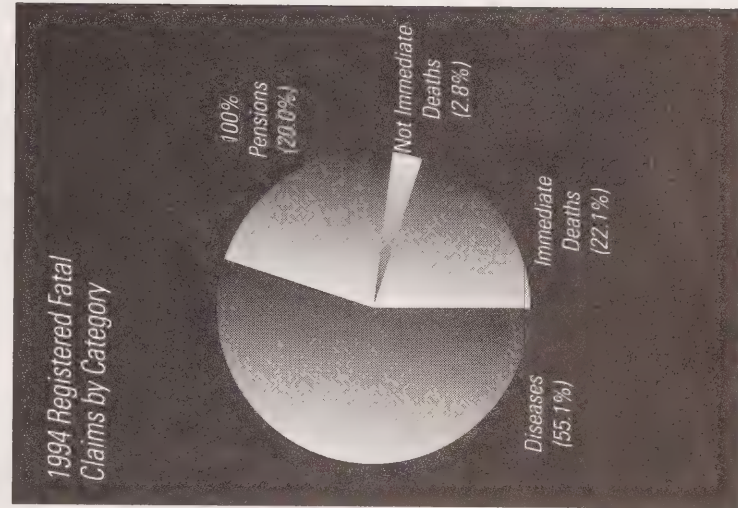
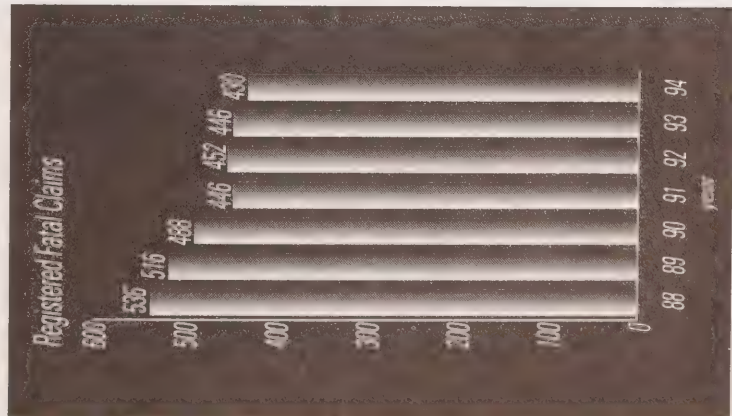
- immediate deaths — the worker had an accident at work and died the same day;
- not immediate deaths — the worker had an accident at work and died at a later date; and
- 100% disability pensions — the worker who died was receiving a 100% permanent disability pension and the cause of death may or may not be work-related.

Figures in the above categories are mutually exclusive.

# Table 12

## OCCUPATIONAL FATALITIES BY YEAR OF REGISTRATION (1988 - 1994)

	Year of Registration													
	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%
Diseases	228	43%	226	44%	256	52%	207	46%	238	53%	256	57%	237	55%
Immediate Deaths	175	33%	172	33%	131	27%	138	31%	114	25%	100	22%	95	22%
Not Immediate Deaths	60	11%	54	10%	54	11%	40	9%	30	7%	22	5%	12	3%
100% Pensions	73	14%	64	12%	47	10%	61	14%	70	15%	68	15%	86	20%
Total	536	100%	516	100%	488	100%	446	100%	452	100%	446	100%	430	100%

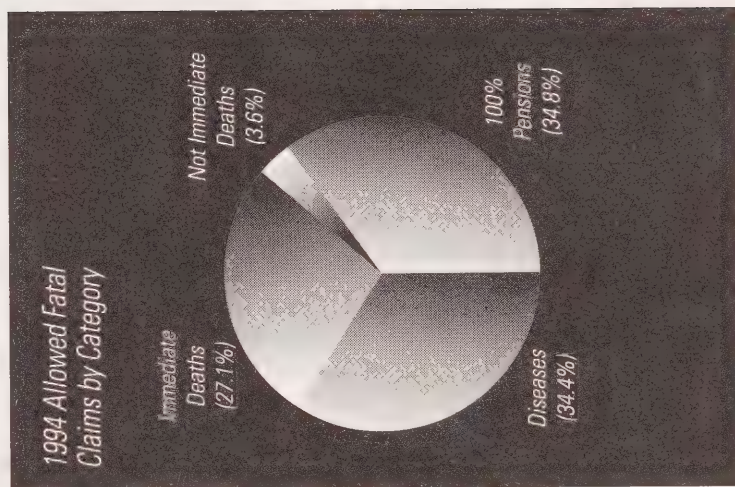
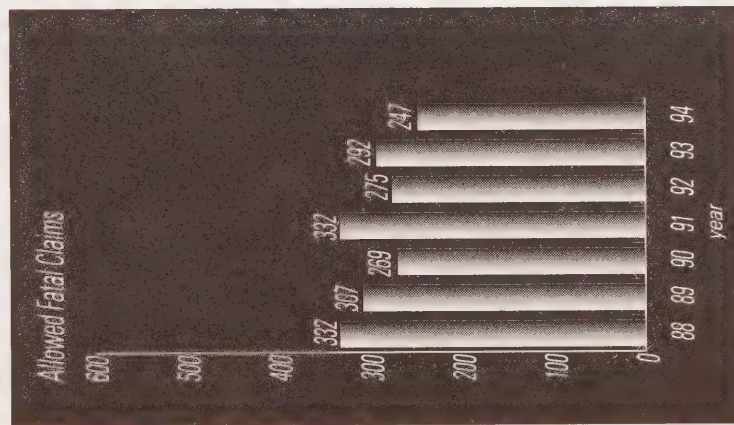




# Table 13

## OCCUPATIONAL FATALITIES BY YEAR ALLOWED (1988 - 1994)

	Year Allowed													
	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%
Diseases	98	30%	87	28%	77	29%	120	36%	109	40%	111	38%	85	34%
Immediate Deaths	141	42%	128	42%	119	44%	115	35%	88	32%	80	27%	67	27%
Not Immediate Deaths	21	6%	31	10%	28	10%	31	9%	21	8%	20	7%	9	4%
100% Pensions	72	22%	61	20%	45	17%	66	20%	57	21%	81	28%	86	35%
Total	332	100%	307	100%	269	100%	332	100%	275	100%	292	100%	247	100%



# Duration of Short-Term Disability Benefits

This section shows the composite measure of the average duration of short-term disability benefits. This measure was adopted as a standard for reporting by the members of the Association of Workers' Compensation Boards of Canada (AWCBC) Steering Committee on Comparability in February 1994. Short-term disability benefits include all benefit periods under section 37 of the *Workers' Compensation Act* (i.e. temporary compensation and short-term vocational rehabilitation) which are awarded while reaching maximum medical rehabilitation. Under Bill 162 legislation, which came into effect on January 2, 1990, workers who suffer an injury or occupational disease resulting in temporary disability for twelve continuous months are eligible for future economic loss (FEL) benefits under section 43. Benefit periods under sections 147(2) and 43(9) are not included.

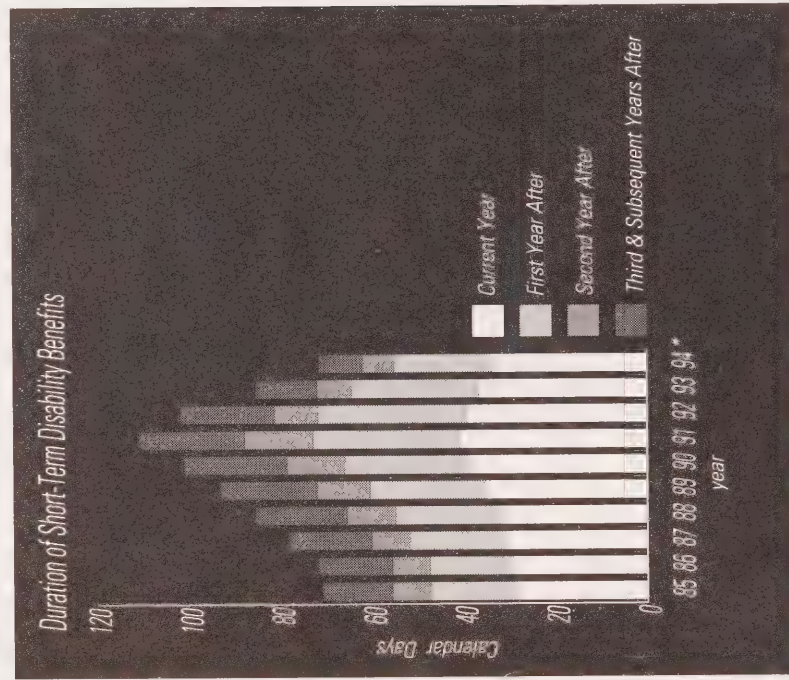
The composite approach uses short-term disability benefit days paid in the current year to estimate an average lifetime duration of short-term disability over the lifetime of a claim. Days of short-term disability paid in the current year are separated by year of accident into a series of components, including:

- benefit days paid in the current year for accidents that happened in the current year, and divided by the number of lost-time injuries or occupational diseases in the year – an estimate of the duration during the first year of accident;
- benefit days paid in the current year for accidents that happened in the calendar year prior to the current year, and divided by the number of lost-time injuries or occupational diseases in that year – an estimate of the duration during the first year after the year of accident;
- benefit days paid in the current year for accidents that happened two calendar years prior, and divided by the number of lost-time injuries or occupational diseases in that year – an estimate of the duration during the second year after the year of accident; and
- benefit days paid in the current year for accidents that happened three calendar years prior, and divided by the number of lost-time injuries or occupational diseases in that year – an estimate of the duration during the third year after the year of accident.

# Table 14

## DURATION OF SHORT-TERM DISABILITY BENEFITS (1985 - 1994)

Average Duration Components	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994*
Current Year	28.5	29.2	30.8	31.7	35.2	38.7	40.7	39.2	36.6	33.7
First Year After	18.8	18.2	20.8	23.2	25.2	27.2	32.1	32.5	27.7	21.4
Second Year After	8.3	8.2	8.5	10.6	11.6	12.6	14.9	9.6	7.6	6.8
Third and Subsequent Years After	15.3	16.2	18.1	20.0	21.3	22.6	23.1	20.5	13.5	9.7
<b>Lifetime Duration (calendar days)</b>	<b>70.8</b>	<b>71.8</b>	<b>78.1</b>	<b>85.5</b>	<b>93.3</b>	<b>101.1</b>	<b>110.8</b>	<b>101.8</b>	<b>85.4</b>	<b>71.6</b>



### Notes:

1. Data is as of 15 months after year end.
2. The sum of figures for current, first, second, third and subsequent years after may not add up to lifetime duration (i.e. total calendar days) due to rounding.

\* Matured 1 year into future.



# Future Economic Loss Awards

Compensation for future economic loss (FEL) of earnings is awarded under section 43 of the *Workers' Compensation Act*. These benefits are applicable to accidents which occurred after January 1, 1990. Workers who sustain injuries or occupational diseases resulting in 12 months of continuous temporary total benefits and workers who sustain injuries resulting in permanent impairment are entitled to FEL benefits until age 65.

The amount of compensation is equal to 90% of the difference between the worker's net average earnings before the injury or occupational disease and the net average earnings that the worker is likely to be able to earn after the injury or occupational disease in suitable and available employment. All FEL awards shown in Table 15 are initial determinations (D1) of these benefits. The amount of these awards will be reviewed by the WCB two years (R1) and five

years (R2) after the date of initial determination. FEL awards shown in Table 16 refer to the first review (R1).

Supplements to FEL benefits are applicable to injured workers who are co-operating in a WCB-authorized vocational or medical rehabilitation program. Unemployed workers receiving a FEL award which is less than 100% may be eligible for supplemental benefits.

Sustainability awards are given to workers who are either employed with no wage loss or who are participating in a vocational rehabilitation program and are expected to return to work with no wage loss, but where the sustainability of the employment is uncertain.



# Table 15

## FUTURE ECONOMIC LOSS (FEL) - NEW AWARDS FOR INITIAL DETERMINATION (1991 - 1994)

Percent Wage Loss	1991			1992			1993			1994		
	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements
Sustainability Awards	1,092	23.8%	936	2,609	22.2%	2,184	1,647	22.3%	1,323	1,875	25.8%	1,078
0.01 - 10.00%	369	8.1%	287	768	6.5%	546	479	6.5%	348	557	7.7%	367
10.01 - 30.00%	1,160	25.3%	935	3,206	27.3%	2,444	1,936	26.2%	1,538	1,790	24.7%	1,372
30.01 - 50.00%	985	21.5%	768	3,029	25.8%	2,316	1,983	26.9%	1,606	1,714	23.6%	1,370
50.01 - 99.99%	459	10.0%	259	1,247	10.6%	741	777	10.5%	525	743	10.2%	513
100%	518	11.3%	-	897	7.6%	-	557	7.5%	-	578	8.0%	-
<b>Total</b>	<b>4,583</b>	<b>100%</b>	<b>3,185</b>	<b>11,756</b>	<b>100%</b>	<b>8,231</b>	<b>7,379</b>	<b>100%</b>	<b>5,340</b>	<b>7,257</b>	<b>100%</b>	<b>4,700</b>

# Table 16

## FUTURE ECONOMIC LOSS (FEL) - AWARDS FOR FIRST REVIEW (R1) (1993 - 1994)

Percent Wage Loss	1993			1994		
	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements
Sustainability Awards	868	27.1%	197	2,407	23.7%	589
0.01 - 10.00%	197	6.2%	68	621	6.1%	229
10.01 - 30.00%	753	23.5%	347	2,586	25.5%	1,084
30.01 - 50.00%	737	23.0%	353	2,627	25.9%	1,112
50.01 - 99.99%	233	7.3%	55	854	8.4%	243
100%	414	12.9%	-	1,049	10.3%	-
<b>Total</b>	<b>3,202</b>	<b>100%</b>	<b>1,020</b>	<b>10,144</b>	<b>100%</b>	<b>3,257</b>

### Notes:

1. Unemployed workers receiving a FEL award which is less than 100% may be eligible for supplemental benefits. In 1994, 80% of unemployed workers receiving a wage loss award less than 100% received a supplement at D1 and 43% received a supplement at R1.
2. Claims that were confirmed to be 0% wage loss and were non-monetary awards, are not included in the above table.
3. FEL cases are not eligible for a benefit at R1 if no permanent impairment has been determined, workers have turned age 65 or have died.

## Table 17

### NON-ECONOMIC LOSS (NEL) – NEW AWARDS (1992 - 1994)

Percent	1992		1993		1994	
	Permanent Impairment	Number of NEL Awards	Number of NEL Awards	%	Number of NEL Awards	%
0.01 - 5.00%		2,181	4,331	24.9%	6,896	29.4%
5.01 -10.00%		2,026	4,029	23.1%	6,191	26.4%
10.01 -15.00%		1,635	3,457	19.9%	4,293	18.3%
15.01 -20.00%		1,335	2,636	15.1%	2,979	12.7%
20.01 -25.00%		852	1,700	9.8%	1,574	6.7%
25.01 -30.00%		330	742	4.3%	768	3.3%
30.01 -40.00%		170	344	2.0%	467	2.0%
40.01 -60.00%		44	91	0.5%	163	0.7%
60.01 -99.99%		3	39	0.2%	35	0.1%
100%		31	44	0.3%	57	0.2%
<b>Total</b>		<b>8,607</b>	<b>17,413</b>	<b>100%</b>	<b>23,423</b>	<b>100%</b>

#### Notes:

1. Compensation for non-economic loss (NEL) is awarded under section 42 of the *Workers' Compensation Act*. These benefits are applicable to accidents that occurred after January 1, 1990. Workers who suffer a permanent impairment as a result of a workplace injury or occupational disease are entitled to NEL benefits.
2. Workers become eligible for NEL benefits if at maximum medical rehabilitation a permanent impairment is likely. A worker reaches maximum medical rehabilitation when there is unlikely to be any further significant improvement in the worker's medical condition.
3. Permanent impairment means impairment that continues to exist after the worker achieves maximum medical rehabilitation. The percentage of impairment is determined through a medical assessment.
4. The first NEL benefits were awarded in April 1992.

## Table 18

### PERIODIC PENSIONS AND SUPPLEMENTS AWARDED DURING THE YEAR BY PERCENTAGE OF PERMANENT DISABILITY (1985 - 1994)

Life and Provisional Periodic Pension Awards																					
Percent of Disability		Year of Award																			
		1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%
10.0% or less		6,250	46%	6,997	47%	8,379	50%	7,249	51%	11,355	53%	8,774	48%	7,903	51%	5,488	51%	3,312	59%	1,761	60%
10.1 - 20.0%		4,907	36%	5,390	36%	5,737	34%	4,802	34%	7,143	33%	6,663	36%	5,773	37%	4,060	38%	1,768	31%	902	31%
20.1 - 50.0%		2,044	15%	2,048	14%	2,230	13%	1,856	13%	2,661	12%	2,368	13%	1,616	10%	1,106	10%	499	9%	254	9%
50.1 - 99.9%		287	2%	254	2%	244	1%	203	1%	263	1%	291	2%	126	1%	77	1%	47	1%	25	1%
100%		138	1%	143	1%	143	1%	121	1%	156	1%	224	1%	80	1%	37	0%	30	1%	8	0%
Total		13,626	100%	14,832	100%	16,733	100%	14,231	100%	21,578	100%	18,320	100%	15,498	100%	10,768	100%	5,656	100%	2,950	100%

Supplements																					
		Year of Award																			
		1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%
Total		11,734	100%	14,381	100%	17,163	100%	13,173	100%	24,623	100%	26,057	100%	13,901	100%	10,478	100%	5,425	100%	2,988	100%
										Section 147(4)		20,889		8,542		5,394		2,813		1,674	
										Section 147(2)		5,168		5,359		5,084		2,612		1,314	

#### Notes:

1. A substantially higher number of supplements were awarded in 1989 and 1990 as a result of the transitional provisions of section 147 of the Workers' Compensation Act.
2. Figures exclude lump sum awards.
3. Starting from 1990, figures exclude reassessments.
4. Figures are not counts of workers receiving pensions and/or supplements. Some pensioners receive more than one award in a year.
5. The lower volume of pension awards in 1988 was the result of a backlog which was processed in early 1989. In combination, the total awards for the two years are consistent with previous levels and the growth in claims volumes over previous years.
6. The reduction in periodic pension awards in 1990 was offset by an increase in the number of workers who elected to receive their pension award as a lump sum.

# Table 19

## PERIODIC PENSIONS AND SUPPLEMENTS ACTIVE AT THE END OF THE YEAR BY PERCENTAGE OF PERMANENT DISABILITY (1985 - 1994)

Life and Provisional Periodic Pension Awards		Year of Award																			
Percent of Disability		1985		1986		1987		1988		1989		1990		1991		1992		1993		1994	
			%		%		%		%		%		%		%		%		%		%
10.0% or less		40,342	41%	44,198	41%	49,193	42%	53,676	43%	61,706	44%	67,328	45%	70,927	44%	71,970	44%	74,509	43%	74,005	43%
10.1 - 20.0%		38,629	39%	41,729	39%	45,064	39%	47,922	38%	52,558	38%	50,533	37%	61,651	38%	63,304	39%	66,589	39%	66,718	39%
20.1 - 30.0%		10,794	10%	10,979	10%	11,813	10%	12,490	10%	13,686	10%	14,712	10%	15,894	10%	17,176	10%	17,690	10%	17,877	10%
30.1 - 50.0%		5,698	6%	5,948	6%	6,182	5%	6,417	5%	6,824	5%	7,210	5%	7,729	5%	8,061	5%	8,764	5%	8,367	5%
50.1% or more		3,907	4%	4,010	4%	4,146	4%	4,237	3%	4,408	3%	4,982	3%	4,787	3%	4,894	3%	4,902	3%	4,919	3%
Total		98,870	100%	106,864	100%	116,398	100%	124,632	100%	139,182	100%	150,765	100%	161,088	100%	169,451	100%	172,074	100%	171,876	100%

Supplements		Year of Award																			
		1985	%	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%
Total		4,260	100%	6,784	100%	9,015	100%	6,750	100%	22,976	100%	36,059	100%	40,764	100%	41,634	100%	40,100	100%	35,182	100%
										Section 14(2)		33,601		35,681		35,926		35,483		31,556	
										Section 14(1)		2,948		5,103		5,708		4,717		3,626	

### Notes:

- Figures represent the total number of awards for which the WCB was paying benefits on December 31 of the reference year.
- Starting from 1990, figures exclude reassessments.
- Figures do not represent the number of workers receiving pensions and/or supplement. A small number of pensioners are in receipt of more than one award at December 31 of the reference year.
- Figures exclude lump sum awards.
- Provisional pensions are awarded in certain cases.
- The substantially higher number of supplement awards active in 1989 and after was the result of the transitional provisions of section 147 of the *Workers' Compensation Act*.



# Vocational Rehabilitation Activities

Table 20

INJURED WORKERS REFERRED FOR VOCATIONAL REHABILITATION (1985-1994)

	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Injured workers referred	11,269	11,365	13,496	13,811	16,051	28,083	37,251	28,704	26,574	20,199

Table 21

INJURED WORKERS COMPLETING REHABILITATION PROGRAMS (1985-1994)

<i>Injured Workers Employed with:</i>	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
Accident employer	2,031	2,145	2,001	2,123	3,057	4,865	8,657	10,211	9,577	7,709
New employer	2,534	2,678	2,867	3,099	3,260	2,640	2,148	2,357	2,297	2,356
Self-employed	309	328	361	299	346	461	327	373	297	216
<b>Total Employed</b>	<b>4,874</b>	<b>5,151</b>	<b>5,229</b>	<b>5,521</b>	<b>6,663</b>	<b>7,966</b>	<b>11,132</b>	<b>12,941</b>	<b>12,171</b>	<b>10,281</b>
Assisted in becoming financially self-sufficient	707	794	927	977	1,293	917	599	306	141	68
<b>Total Rehabilitated</b>	<b>5,581</b>	<b>5,945</b>	<b>6,156</b>	<b>6,498</b>	<b>7,956</b>	<b>8,883</b>	<b>11,731</b>	<b>13,247</b>	<b>12,312</b>	<b>10,349</b>

## Table 22

### STATEMENT OF OPERATIONS AND FUNDING RATIO BY CLASS

Schedule 1 employers are insured through "collective liability" and pay levies based on their assessable payrolls into a general accident fund. For classification purposes, all Schedule 1 industries are categorised into nine classes. Each class is further subdivided by business activity into rate groups.

The table below provides an unaudited Schedule 1 Statement of Operations by class for the period ended December 31, 1994. It also reports each class's funding ratio which is calculated as the ratio of total assets to total liabilities.

For the Year Ended December 31, 1994	FOREST PRODUCTS CLASS A	MINING & RELATED INDUSTRIES CLASS B	OTHER PRIMARY INDUSTRIES CLASS C	MANUFAC- TURING CLASS D	TRANSPORT & STORAGE CLASS E	RETAIL & WHOLESALE TRADES CLASS F	CONSTRUC- TION CLASS G	GOVERNMENT & RELATED SERVICES CLASS H	OTHER SERVICES CLASS I
<b>REVENUES</b>									
Assessment	68.7	63.0	33.9	858.1	159.8	280.0	255.6	216.8	160.0
Investments	16.3	35.7	10.6	199.5	42.5	58.3	43.5	57.7	34.5
	<b>85.0</b>	<b>98.7</b>	<b>44.5</b>	<b>1,057.6</b>	<b>202.3</b>	<b>338.3</b>	<b>299.1</b>	<b>274.5</b>	<b>194.5</b>
<b>EXPENSES</b>									
Benefits Expense	38.7	61.4	28.5	725.6	135.0	279.2	440.7	173.5	178.4
Administrative, Legislative Obligations & Other Expenses	12.6	15.3	6.0	155.7	19.5	60.1	53.1	47.5	33.4
	<b>51.3</b>	<b>76.7</b>	<b>34.5</b>	<b>881.3</b>	<b>154.5</b>	<b>339.3</b>	<b>493.8</b>	<b>221.0</b>	<b>211.8</b>
<b>Surplus/(Deficiency)</b>	<b>33.7</b>	<b>22.0</b>	<b>10.0</b>	<b>176.3</b>	<b>47.8</b>	<b>(1.0)</b>	<b>(194.7)</b>	<b>53.5</b>	<b>(17.3)</b>
<b>Closing Unfunded Liability by Class</b>	<b>547.4</b>	<b>579.2</b>	<b>142.5</b>	<b>4,154.1</b>	<b>631.4</b>	<b>1,103.8</b>	<b>3,080.2</b>	<b>575.3</b>	<b>588.1</b>
<b>Funding Ratio by Class (%)</b>	<b>32.6</b>	<b>48.9</b>	<b>49.4</b>	<b>39.1</b>	<b>47.0</b>	<b>38.7</b>	<b>17.1</b>	<b>56.0</b>	<b>41.5</b>



**Workers' Compensation Board**  
**Commission des accidents du travail**



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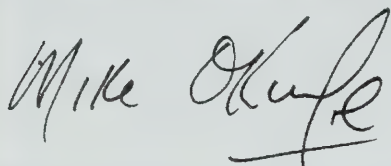
*Workers'  
Compensation  
Board of Ontario*

*1995 Annual Report*



The Honourable Henry N.R. Jackman, Lieutenant Governor of Ontario.

The Workers' Compensation Board is pleased to submit its annual report of operations for 1995.



Michael J. O'Keefe, President and Chief Executive Officer

# *Vision Statement*

*To be a Workers' Compensation Board valued and respected by workers, employers and the people of Ontario.*

The 1995 Annual Report was published internally by the Communications and Public Affairs Division of the Ontario Workers' Compensation Board. A Statistical Supplement to the 1995 Annual Report is available upon request.

200 Front Street West, 18th Floor  
Toronto ON M5V 3J1  
(416) 344-4200 or toll free  
1-800-387-5540, extension 4200

2250A(06/96)  
ISSN 0822-2150

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# President's Message

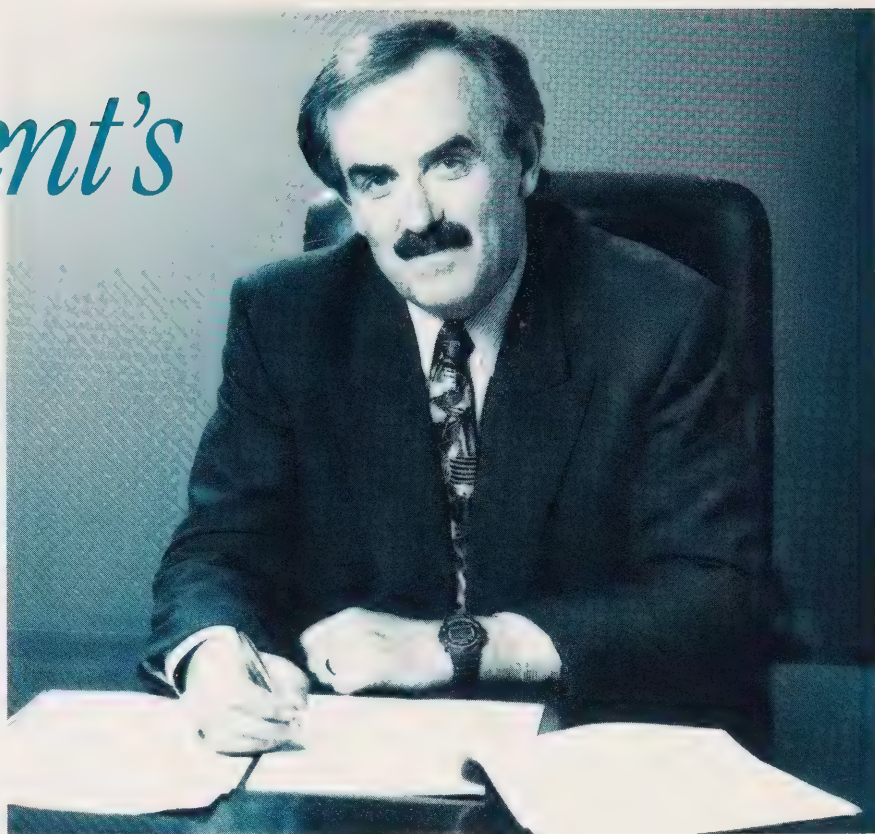
*June 24, 1996*

As the Workers' Compensation Board's (WCB's) new President and Chief Executive Officer, I am pleased to report on some of the significant financial, operational and legislative results and developments during 1995. I would also like to comment on some of the new and future challenges facing the WCB.

I assumed the position of President and CEO in May 1996. Over the past two years, the WCB has functioned under the leadership of Kenneth B. Copeland (May 1994 to January 1996) and Brock Smith (from January 1996), until I assumed office in May 1996. I would like to thank both of these individuals for their dedication and commitment to the province's workers' compensation system during their tenure.

In 1995, the WCB's financial situation improved as a direct result of economic improvements in Ontario. The 1995 audited financial statements were approved on March 15, 1996 by Brock Smith, then Acting President and CEO, and Glenn W. Cooper, Vice-President, Finance and Administration, and Chief Financial Officer.

Assessment revenue increased by \$302 million over 1994 to \$2,653 million. This increase was generated primarily by employment



**Michael J. O'Keefe**

gains in most sectors of the Ontario economy, particularly in manufacturing. At the same time, the WCB's 1995 total expenses approximated 1994's level. As a result, a surplus from operations of \$510 million was generated and the WCB's unfunded liability decreased from \$11.4 billion in 1994 to \$10.9 billion in 1995.

The market value of the WCB's Investment Fund was \$7,437 million on December 31, 1995, as compared with \$6,290 million a year earlier.

On other administrative fronts, in July 1995, the WCB's first walk-in Information Centre opened in the main lobby of our head office. It provides welcoming, professional and knowledgeable customer service to over 6,000 clients a month. About half of all visitors to the Information Centre do not have scheduled appointments at the WCB.

Of this group, over 96% are helped entirely within the Information Centre, resulting in more satisfied clients.

It is also noteworthy that in 1995 the groundwork was laid for a new streamlined appeals system. There are now two streams of internal appeal. The mediation stream deals with disputes about re-employment, vocational rehabilitation, return to work, employment benefits and obligations. These objections are resolved within a legislated 60-day time limit. The entitlement appeals stream encourages the resolution of disputes as early in the adjudication process as possible. Before cases are eligible for referral to the appeals area, they must first be comprehensively reviewed in the operating area. Where an objection proceeds to the appeals area, a streamlined process will be



applied, featuring a single comprehensive review by an appeals officer.

In 1995, the government began a two-stage workers' compensation reform process and made significant changes to the administration and direction of health and safety education and training in the province.

In December 1995, the *Workers' Compensation and Occupational Health and Safety Amendment Act, 1995* (Bill 15) received Royal Assent. Bill 15 made significant changes to the workers' compensation system.

- Two new objectives were added to the Purpose Clause, which require the WCB to:
  - prevent or reduce the occurrence of injuries and occupational diseases in the workplace; and
  - promote health and safety in the workplace.
- At least one WCB program must undergo a value for money audit annually.
- Workers and employers must notify the WCB within 10 days of a material change in circumstances related to benefit entitlement or employer obligations under the *Act*.
- A benefit overpayment to a worker or an overpayment to an employer is a debt due and owing to the WCB.

Consistent with the goals of Bill 15, the WCB took important steps through the Revenue Strategy – Environment for Tomorrow (RESET) project to improve the way the organization does business with the employer community from both a systems and a business perspective. Based on consultation with employers, changes under

RESET include a new reporting and payment frequency, assessment rates based on actual earnings, a new compliance system, and assessment and claims reporting at the classification unit level. As well, a new classification and pricing system was installed in the Actuarial Services Branch. The system allows WCB actuaries to determine yearly assessment rates for employers and monitor and adjust the employer classification scheme to better reflect the mix of industries in Ontario.

Bill 15 also gave the WCB expanded enforcement powers. The WCB continues to actively use leading-edge computer technology to improve its fraud investigations. Following the successful installation of a workstation in the Special Investigations Branch (SIB) to assist fraud investigators, the WCB implemented the Employer Audit/ SIB Workstation II in July 1995. This second workstation identifies employers for audit purposes and helps investigators target fraud cases. The workstation also allows field auditors to access WCB databases, using a modem from the employer's premises, to increase the efficiency of the audit.

As well, in response to the Workplace Health and Safety Review Panel Report, in March 1996, the Minister of Labour, Elizabeth Witmer, confirmed the new direction of the WCB's mandate, to focus on injury and illness prevention, as well as compensation and return to work.

Consistent with the new directions enunciated by the government in Bill 15 and in its response to the Review Panel Report, the WCB is reviewing its programs and, where appropriate,

modifying them to reflect an integrated prevention focus. These functions will become part of the WCB through the establishment of a new prevention division. As well, an implementation team, comprising senior representatives of the WCB and the Workplace Health and Safety Agency (WHSA), is overseeing the integration. WHSA staff will relocate to the WCB's head office in July 1996.

These recent reforms to the workers' compensation and occupational health and safety systems present tremendous challenges for the WCB as well as its stakeholders. As the incoming President and CEO, I am reassured by the steps already taken to implement these changes and I look forward to making continued progress in these areas.

I also anticipate further reform in light of the comprehensive review of the workers' compensation system conducted by the Honourable Cam Jackson, Minister Without Portfolio, Responsible for WCB Reform, during the period 1995-1996. The review addresses fundamental challenges facing the WCB today and into the future.

I look forward to working together with stakeholders to ensure the WCB meets all of these challenges and better serves employers, workers and the public of Ontario.

Sincerely,



Michael J. O'Keefe  
President and  
Chief Executive Officer



# Management Discussion and Analysis

## Introduction

The WCB was created under the *Workers' Compensation Act* (the *Act*) with the mandate to administer the *Act* for the workplace parties including two groups of employers, Schedule 1 employers, who are insured through "collective liability", and Schedule 2 employers, who are "self-insurers" and are individually liable for the cost of their claims and related administrative expense. The WCB receives no funding from the government, but derives its revenue from levies based on the assessable payrolls of Schedule 1 employers and reimbursements from Schedule 2 employers.

Investment revenue is also earned from a diversified portfolio held to meet future obligations on existing claims. The major expense of the WCB is benefits expense on claims arising from injuries incurred in the course of employment or from contracting an occupational disease. In addition, the WCB incurs administrative and other expenses in the course of managing its various functions and responsibilities under the *Act*. The WCB is also directed by the *Act* to make payments to meet legislated obligations.

## Operational Summary

The surplus from operations for the year 1995 was \$510 million. This increase in the operating surplus was attributable to higher assessment revenues of

\$302 million, generated principally by a \$3.2 billion increase in assessable payrolls, and a \$94 million increase in investment revenue, resulting from strong gains in certain equity and bond markets.

At \$2,284 million, the total benefits expense for 1995 was little changed from the 1994 expense of \$2,285 million.

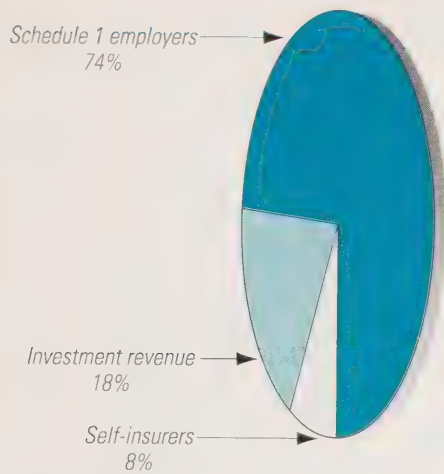
Continued efforts to control administration costs resulted in a 3.9 per cent reduction of administration costs before a provision for restructuring of \$21 million.

## Schedule 1 & Self-insurers

(\$ millions)

	1995	1994	Increase/ (Decrease) %
<b>Revenues</b>			
Assessment	\$ 2,653	\$ 2,351	12.8
Investment	593	499	18.8
	3,246	2,850	13.9
<b>Expenses</b>			
Benefits	2,284	2,285	-
Administration			
- Regular	318	331	(3.9)
- Restructuring	21	-	-
Legislated obligations	113	104	8.7
	2,736	2,720	0.6
<b>Surplus from Operations</b>	<b>\$ 510</b>	<b>\$ 130</b>	<b>292.3</b>

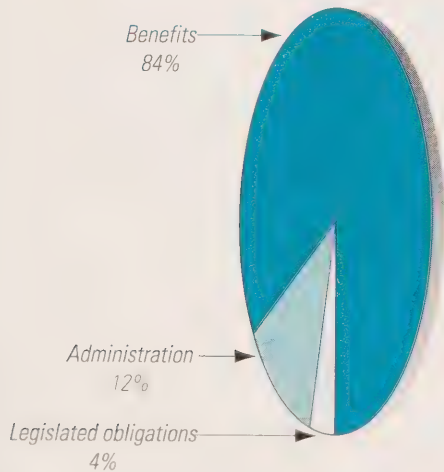
## Revenue - Where the money comes from



(\$ millions)

	1995	1994
Assessment from Schedule 1 employers	\$ 2,387	\$ 2,096
Investment revenue	\$ 593	\$ 499
Reimbursements from Self-insurers	\$ 266	\$ 255
<b>Total Revenue</b>	<b>\$ 3,246</b>	<b>\$ 2,850</b>

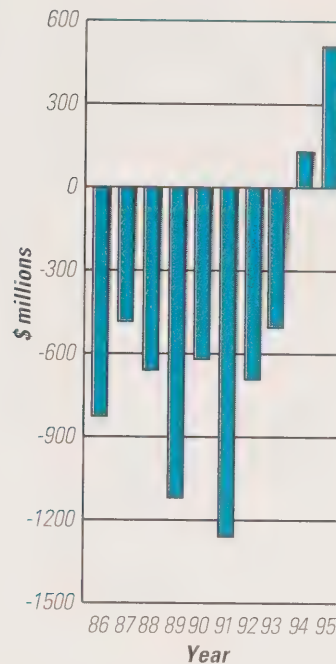
## Expenses - Where the money goes



(\$ millions)

	1995	1994
Benefits	\$ 2,284	\$ 2,285
Administration	\$ 339	\$ 331
Legislated obligations	\$ 113	\$ 104
<b>Total Expenses</b>	<b>\$ 2,736</b>	<b>\$ 2,720</b>

## Surplus/(Deficiency) from Operations 10-Year Summary

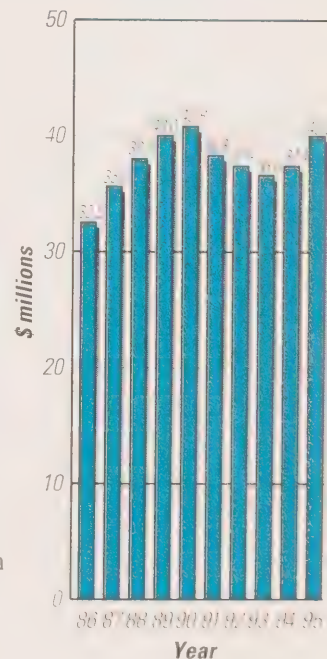


## Unfunded Liability

Total assets increased by \$439 million to \$7.2 billion while total liabilities decreased slightly to \$18.1 billion, leaving an unfunded liability of \$10.9 billion. The funding ratio is now 40.0 per cent.

The reduction in the unfunded liability is explained, on the next page, through a reconciliation of the unfunded liability position. The reconciliation highlights the factors that influenced the changes in the funded position. These factors include revised WCB policies, changes to the actuarial basis, investment results and variation in experience from expected results.

## Funding Ratio\* 10-Year Summary



\* Ratio of total assets to total liabilities.

The major factors affecting the reduction in the unfunded liability in 1995 were:

(\$ millions)

	1995
Unfunded liability, beginning of year	\$ 11,402
Expected interest on the unfunded liability	812
Amortization payment for current year	(700)
Changes in actuarial valuation methods and assumptions	90
Experience (gains) losses resulting from:	
Indexation and interest rates	(423)
Prior years' claims experience and other sources	(92)
Current year's claims experience	(197) (712)
Unfunded liability, end of year	\$ 10,892

### Assessment Revenue

The higher assessable payrolls of \$3.2 billion resulted in increased assessment revenues which, combined with a reduction in the amount of net experience rating refunds, resulted in net assessment revenue of \$2,653 million, an increase of \$302 million (12.8 per cent).

(\$ millions)

	1995	1994	Increase/ (Decrease) %
<b>Schedule 1</b>			
Gross assessments	\$ 2,713	\$ 2,557	6.1
Experience rating net refunds	(247)	(359)	(31.2)
Interest and penalties	86	71	21.1
Bad debts	(164)	(173)	(5.2)
Total Schedule 1	\$ 2,388	\$ 2,096	13.9
<b>Self-insurers</b>	265	255	3.9
<b>Net Assessments</b>	\$ 2,653	\$ 2,351	12.8

### Benefits

Each year, the benefits expense includes an estimate of the costs related to compensable injuries occurring in the year as well as adjustments to the estimates of previous years. The estimate includes amounts for both reported and unreported injuries.

The cost estimate for the current year's injuries and adjustments to prior years' estimates are actuarially determined. The present value of these cost estimates

constitutes the benefits liability and represents the WCB's obligation in relation to current and prior years' injuries. The size of this obligation, or liability, and the expense can be affected by various factors such as changes in legislation, adjudication policies and practices, effectiveness of rehabilitation programs and economic conditions.

The benefits expense, before transfers to the Injured Workers' Retirement Fund, was \$2,235 million, \$21 million lower than in 1994. This decrease was due to an approximately 5 per cent decline in lost-time injuries.

Total benefits paid in the year were \$2,385 million, an increase of \$54 million compared to 1994. Bill 165 pension supplement payments, which started in 1995, and higher Future Economic Loss award payments were only partially offset by lower short-term disability and rehabilitation payments which, in turn, resulted from improved case management and early return-to-work programs.

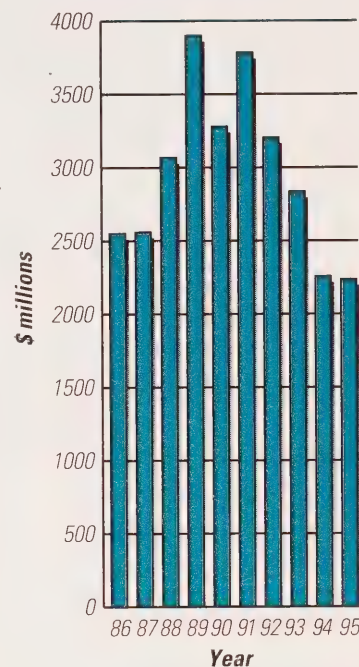
### Administrative and other expenses

Administrative and other expenses were \$13 million lower than in 1994, however, a one-time special provision of \$21 million for early retirement and restructuring initiatives increased administrative expenses to \$339 million (1994: \$331 million).

### Legislated obligations

The WCB is obligated by legislation to fund the administration of agencies such as the Workplace Health and Safety Agency which supports the operations of medical clinics, training centres and accident prevention associations; as well as the programs of the *Occupational Health and Safety Agency Act*, the Workers' Compensation Appeals Tribunal, the Office of

**Benefits Expense  
10-Year Summary**



the Worker Adviser, the Office of the Employer Adviser, Mine Rescue Stations, and the Occupational Disease Panel (formerly the Industrial Disease Standards Panel). The amount of funding requested by these agencies is approved by the Minister of Labour.

The cost for these legislated obligations was \$113 million in 1995, an increase of \$9 million or 8.7 per cent over 1994.

### ***Investments (Schedule 1)***

The WCB Investment Fund was established to provide a reserve to fund the future benefit payments in respect of injuries already sustained. Cash revenues in excess of current benefit, administrative and other payments are transferred to the Fund and invested to provide for these future payments.

This is the first year since the start of the recession in which there was no net transfer from the Investment Fund to the general operations of the WCB to fund current benefit payments. The total amount transferred

from investments to general operations of the WCB since 1991 remains at \$1.4 billion.

The Investment Fund's long-term target is to achieve a return of 3 per cent above the rate of inflation. Driven by strong U.S. equity and Canadian bond markets, the Investment Fund achieved a market return of 18.3 per cent for the year compared to -1.7 per cent for 1994.

The actual annualized market returns on the Investment Fund, as reported by an independent measurement service, for the three, five and ten years ended December 31, 1995 are as follows:

*(Per cent)*

	Three Years	Five Years	Ten Years
Market return	11.5	12.1	10.4
Return above inflation	10.3	10.2	7.2



# Balance Sheet

Workers' Compensation Board  
Balance Sheet  
December 31, 1995

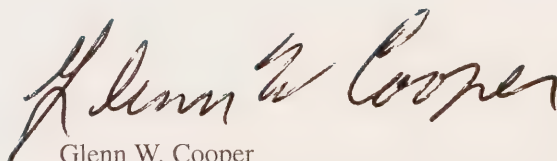
(\$ millions)

	1995	1994
<b>Assets</b>		
Cash and cash equivalents	\$ 284	\$ 478
Receivables	123	179
Investments (note 3)	6,472	5,901
Injured Workers' Retirement Fund (note 4)	124	75
Capital assets (note 5)	198	123
Other assets	48	54
	\$ 7,249	\$ 6,810
<b>Liabilities</b>		
Payables and accruals	\$ 499	\$ 475
Deposits	68	62
Project financing (note 6)	75	75
Injured Workers' Retirement Fund (note 4)	124	75
Benefits liability (note 7)	17,375	17,525
	18,141	18,212
<b>Unfunded Liability</b>	(10,892)	(11,402)
	\$ 7,249	\$ 6,810

Approved:



Brock Smith  
Acting President  
and Chief Executive Officer



Glenn W. Cooper  
Vice-President, Finance and Administration  
and Chief Financial Officer

The accompanying notes form an integral part of the financial statements.

# Statement of Operations and Unfunded Liability

Workers' Compensation Board  
Statement of Operations and Unfunded Liability  
For the Year Ended December 31, 1995

(\$ millions)

	1995	1994
<b>Revenues</b>		
Assessment		
- Current	\$ 1,953	\$ 1,864
- Unfunded liability	700	487
Investment (note 3)	593	499
	3,246	2,850
<b>Expenses</b>		
Benefits (note 7)		
- Long-term disability	1,103	1,160
- Rehabilitation	456	365
- Short-term disability	326	376
- Health care	214	272
- Survivor benefits	136	83
	2,235	2,256
Net increase in the Injured Workers' Retirement Fund (note 4)	49	29
Administrative and other (note 8)	339	331
Legislated obligations (note 9)	113	104
	2,736	2,720
<b>Surplus from Operations</b>	510	130
<b>Unfunded Liability</b> , beginning of year	11,402	11,532
<b>Unfunded Liability</b> , end of year	\$ 10,892	\$ 11,402

The accompanying notes form an integral part of the financial statements.

# Statement of Cash Flows

Workers' Compensation Board  
Statement of Cash Flows  
For the Year Ended December 31, 1995

(\$ millions)

	1995	1994
<b>Cash Flows from Operating Activities</b>		
Cash received from:		
Employers, for assessments	\$ 2,718	\$ 2,530
Investments	265	231
	2,983	2,761
Cash paid to:		
Claimants, survivors and care providers	(2,385)	(2,331)
Injured Workers' Retirement Fund	(49)	(29)
Employees and suppliers for administrative goods and services	(306)	(313)
Others under legislated obligations	(113)	(104)
	(2,853)	(2,777)
<b>Net cash provided (used) by operating activities</b>	130	(16)
<b>Cash Flows from Investing Activities</b>		
Cash received from:		
Sales and maturities of investments	2,848	2,601
Net sales of short-term securities	231	-
	3,079	2,601
Cash paid for:		
Purchases of investments	(3,315)	(2,264)
Net purchases of short-term securities	-	(152)
Net purchases of capital assets	(88)	(61)
	(3,403)	(2,477)
<b>Net cash provided (used) by investing activities</b>	(324)	124
<b>Increase (Decrease) in Cash and Cash Equivalents</b>	(194)	108
<b>Cash and Cash Equivalents, beginning of year</b>	478	370
<b>Cash and Cash Equivalents, end of year</b>	\$ 284	\$ 478

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

December 31, 1995

## 1. Nature of Operations

The Workers' Compensation Board (WCB) is a Crown Agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*), R.S.O. 1990.

The WCB administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the WCB's Accident Fund. Schedule 2 relates to employers who are "self-insured", in that they are individually liable. The federal government, which is covered under a separate agreement with Human Resources Development Canada, is also treated as a Schedule 2 employer. The WCB pays the actual cost of claims for workers of self-insurers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims.

The WCB does not receive government funding or other assistance and raises funds through assessments on the payrolls of Schedule 1 employers covered under the *Act*, in order to provide compensation to workers or survivors of the workers who are injured in the course of employment or who contract an occupational disease.

## 2. Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are summarized as follows:

### *Cash and cash equivalents*

Cash and cash equivalents are operating funds consisting of cash and money market instruments with maturities of less than six months.

### *Investments*

- a) Bonds, coupons and mortgages  
Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.
- b) Equities and real estate  
Equities and real estate are carried at cost adjusted towards market value, using a five-year moving average market method. Realized gains and losses are deferred and amortized over a five-year period.
- c) Short-term securities  
Short-term securities consist of money market instruments with maturities of less than 12 months from the date of purchase and are carried at amortized cost. Gains and losses from sales are included in income in the year they occur.
- d) Foreign currency translation  
Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

### *Injured Workers' Retirement Fund*

Investments held in the Injured Workers' Retirement Fund are carried at market value. Changes in market fluctuations are taken into income in the year they occur or are realized.



### *Capital assets and depreciation*

Capital assets are stated at cost. Capital assets, excluding land, are depreciated using the straight-line method at rates calculated to expense the cost of assets over the estimated useful lives. Construction-in-progress is stated at cost and represents the WCB's pro rata share of cost. Included in cost are financing costs, which are capitalized during the construction period. Depreciation commences when the asset becomes fully operational.

### *Assessment revenue*

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Act*, adjusted for claim experience, where relevant. Assessment rates include a component that contributes towards the reduction of the unfunded liability.

Included in assessment revenue are reimbursements by self-insurers for claims paid, as well as for the cost of administering the claims.

### *Benefits liability*

The benefits liability is based on the level and nature of entitlements and actuarial determinations.

Estimates for reported and unreported claims which occurred on or before December 31 are based upon past experience, modified for current trends. While significant judgmental factors are included in the determination of unpaid claims, management believes the amounts provided for unpaid claims are adequate. Adjustments, if any, resulting from continuous review of entitlements and experience, availability of new information, and actuarial evaluations will be recorded in future accounting periods when such adjustments become known. The benefits liability has been obtained by discounting the future benefit payments to present value using a real interest rate of three per cent.

The benefits liability does not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers.

Provision has not been made for future administration costs of existing claims, arising in whole, or in part, from employment prior to December 31, 1995. Similarly, provision has not been made for the cost of claims for occupational diseases, or for the cost of existing claims for diseases and injuries that are not currently considered to be work-related, but may in the future be considered to be work-related.

## **3. Investments and Investment Revenue**

(\$ millions)

		1995		1994	
		Carrying Value	Market Value	Carrying Value	Market Value
<b>Fixed Income Securities</b>					
Bonds	- Government	\$ 1,432	\$ 1,504	\$ 770	\$ 756
	- Corporate	379	423	665	664
Coupons		1,273	1,602	1,382	1,483
Mortgages		148	151	307	298
		3,232	3,680	3,124	3,201
<b>Equities</b>					
Domestic		1,073	1,217	699	789
Foreign	- U.S.	643	852	514	638
	- Global	932	1,130	724	868
		2,648	3,199	1,937	2,295
<b>Real Estate</b>		306	272	331	285
<b>Short-term Securities</b>					
Money market instruments		242	242	466	466
Accrued investment income		44	44	43	43
		\$ 6,472	\$ 7,437	\$ 5,901	\$ 6,290

The carrying value of investments comprises investments at cost of \$6,737 million (1994: \$6,099 million) including accrued investment income, plus adjustments towards market value of \$161 million (1994: \$146 million), less unamortized net gains realized on the sale of investments of \$426 million (1994: \$344 million).

The WCB engages in a securities lending program whereby securities are loaned to borrowers, approved by the Investment Fund's custodian, for a fee, against high quality collateral. At December 31, 1995, the market value of securities on loan was \$571 million (1994: \$584 million).

Revenue by category of investment is as follows:

(\$ millions)

	1995	1994
Bonds	\$ 129	\$ 115
Coupons	145	160
Equities	248	157
Mortgages	10	29
Short-term securities	54	42
Real estate	-	5
	586	508
Injured Workers' Retirement Fund	15	(1)
Investment expenses	(8)	(8)
Investment revenue	\$ 593	\$ 499

In 1995, \$177 million (1994: \$101 million) of realized and unrealized net gains were amortized to investment revenue.

#### 4. Injured Workers' Retirement Fund

Under section 44 of the *Act*, the WCB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of the *Act*. In accordance with the provisions of the *Act*, these funds are segregated from the WCB's Accident Fund and are invested to provide for retirement payments to injured workers.

In 1995, the net increase in the Injured Workers' Retirement Fund was \$49 million (1994: \$29 million). This net increase resulted from funds set aside pursuant to section 44 of the *Act* in the amount of \$36 million, plus \$15 million earned on its investments, less \$2 million paid as retirement pensions.

The market value of investments at December 31 is as follows:

(\$ millions)

	1995	1994
Bonds	\$ 50	\$ 43
Coupons	29	24
Money market instruments	43	7
Accrued investment income	2	1
	\$ 124	\$ 75

#### 5. Capital Assets

(\$ millions)

	1995	1994	Depreciation Rate %
	Cost	Net Book Value	Net Book Value
Land	\$ 7	\$ 7	\$ 7
Construction-in-progress	151	151	89
Buildings	19	9	2
Leasehold improvements	6	1	1
Equipment	99	30	24
	\$282	\$198	\$123

Depreciation expense in 1995 was \$13 million (1994: \$13 million).

#### 6. Project Financing

The WCB is a 75% participant in an office building co-ownership agreement. To partially fund the development and construction of the office building, the WCB entered into a long-term mortgage loan agreement in 1993. The mortgage loan is secured by the building and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually.

#### 7. Benefits Liability and Benefits Expense

The *Workers' Compensation Act* and the *Occupational Health and Safety Act* were amended by Bill 165 in 1994. Benefits expense for 1995 includes the financial effect of the provisions of Bill 165 for injuries that occurred in 1995. The financial impact for injuries that occurred on or before December 31, 1994 was reflected in the benefits expense for 1994.

The movement in benefits liability during 1995 was as follows:

(\$ millions)

	1995						1994
	Long-term Disability	Rehabilitation	Short-term Disability	Health Care	Survivor Benefits	Total	Total
<b>Benefits Liability,</b>							
beginning of year	\$ 13,496	\$ 1,056	\$ 600	\$ 1,160	\$ 1,213	\$ 17,525	\$ 17,600
<b>Benefits Expense,</b>							
for the year	1,103	456	326	214	136	2,235	2,256
	14,599	1,512	926	1,374	1,349	19,760	19,856
<b>Benefits Paid,</b>							
during the year							
- Schedule 1	(1,138)	(397)	(312)	(219)	(88)	(2,154)	(2,106)
- Self-insurers	(109)	(29)	(53)	(28)	(10)	(229)	(224)
- Injured Workers' Retirement Fund	(2)	-	-	-	-	(2)	(1)
	(1,249)	(426)	(365)	(247)	(98)	(2,385)	(2,331)
<b>Benefits Liability,</b>							
end of year	\$ 13,350	\$ 1,086	\$ 561	\$ 1,127	\$ 1,251	\$ 17,375	\$ 17,525

Benefits paid include the following:

(\$ millions)

	Schedule 1		Self-insurers	
	1995	1994	1995	1994
<b>Long-term Disability</b>				
- Worker pensions	\$ 594	\$ 606	\$ 66	\$ 67
- Supplements	253	151	20	11
- Future economic loss	191	161	11	10
- Non-economic loss	100	135	12	12
	1,138	1,053	109	100
<b>Rehabilitation</b>	397	417	29	30
<b>Short-term Disability</b>	312	337	53	59
<b>Health Care</b>				
- Health care	197	191	25	22
- Medical reports	22	22	3	3
	219	213	28	25
<b>Survivor Benefits</b>	88	86	10	10
	\$ 2,154	\$ 2,106	\$ 229	\$ 224

## 8. Administrative and Other Expenses

Administrative and other expenses consist of the following:

(\$ millions)

	1995	1994
Salaries and employee benefits	\$ 226	\$ 237
Equipment maintenance and depreciation	22	26
Occupancy	28	23
Communication	12	11
Supplies and services	11	14
Miscellaneous	14	14
Travel and vehicle maintenance	4	5
	317	330
Restructuring costs	21	-
Farm Safety Association	1	1
	\$ 339	\$ 331

## 9. Related Party Transactions

### Legislated obligations

The WCB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The WCB is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Occupational Disease Panel, the Workplace Health and Safety Agency (WHSA) and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour and, in certain instances, the WCB is directed by the Lieutenant Governor through Orders in Council to make those payments. The total amount of funding provided under these legislated obligations in 1995 was \$113 million (1994: \$104 million).

### Institute for Work and Health

The WCB also provides funding for the Institute for Work and Health. The funding provided in 1995 was \$5 million (1994: \$5 million). These expenses are included in administrative and other expenses.

### Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations for \$442 million (1994: \$580 million).

### Other

In addition to the legislated obligations, accident prevention expenses and funding for the Institute for Work and Health referred to above, the financial statements include amounts resulting from routine operating transactions conducted at prevailing market prices, with various Ontario government-controlled ministries, agencies, and Crown corporations with which the WCB may be considered related. Account balances resulting from these transactions are included in the financial statements and are settled on normal trade terms.

## 10. Commitments and Contingencies

### Operating leases

At December 31, 1995, the WCB was committed under non-cancellable operating leases requiring future minimum payments as follows:

(\$ millions)

1996	\$ 8
1997	7
1998	6
1999	5
2000	5
Beyond five years	53
	\$ 84

At December 31, 1994, total future minimum payments were \$97 million.

### Legal actions

The WCB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on the WCB.

## 11. Pension Plan

The WCB has a contributory defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WCB.



An independent actuarial valuation performed as of December 31, 1995 has determined that the pension plan is in a surplus position. As at December 31, 1995, the pension plan's funded status was as follows:

(\$ millions)

	1995	1994
Pension assets	\$ 690	\$ 622
Accrued pension obligations	\$ 553	\$ 492

## 12. Segmented Financial Information

Operating results and net assets (liabilities) of Schedule 1, self-insurers, and of the Injured Workers' Retirement Fund established in accordance with section 44 of the *Act* included in the 1995 financial statements are as follows:

(\$ millions)

	Schedule 1	Self- insurers	Injured Workers' Retirement Fund	Total
<b>Operating results:</b>				
Assessment revenue	\$ 2,387	\$ 266	\$ -	\$ 2,653
Investment revenue	577	1	15	593
Benefits expense	(2,004)	(229)	(2)	(2,235)
Net increase in the Injured Workers' Retirement Fund	(34)	(2)	(13)	(49)
Administrative, legislated obligations & other expenses	(416)	(36)	-	(452)
Surplus from operations	\$ 510	\$ -	\$ -	\$ 510

(\$ millions)

	Schedule 1	Self- insurers	Injured Workers' Retirement Fund	Total
<b>Net assets (liabilities):</b>				
Cash and investments	\$ 6,712	\$ 44	\$ -	\$ 6,756
Benefits liability	(17,375)	-	-	(17,375)
Injured Workers' Retirement Fund	-	-	(124)	(124)
Deposits	-	(68)	-	(68)
Other net assets (liabilities)	(229)	24	124	(81)
Unfunded liability	\$(10,892)	\$ -	\$ -	\$(10,892)

## 13. Comparative Figures

Certain re-classifications have been made to the prior year financial statements to conform to the current year's presentation.

# *Responsibility for Financial Reporting*

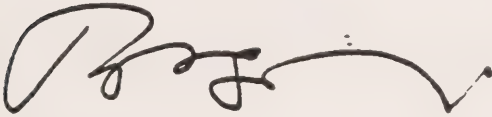
The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss.

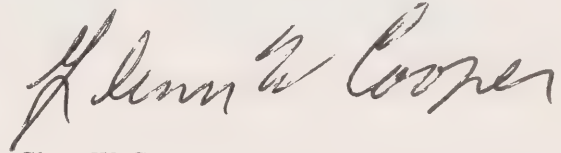
The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WCB's internal controls, practices and procedures.

The external auditors, KPMG Peat Marwick Thorne, working under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the WCB in accordance with generally accepted auditing standards. Their report outlines the scope of this independent audit and their opinion on the financial statements of the WCB.

Eckler Partners Ltd., the independent consulting actuaries to the WCB, express an opinion on the adequacy and appropriateness of the valuation of the WCB's benefits liability.



Brock Smith  
Acting President  
and Chief Executive Officer



Glenn W. Cooper  
Vice-President, Finance and Administration  
and Chief Financial Officer

March 15, 1996

# Auditors' Report



*To the Workers' Compensation Board,  
the Minister of Labour,  
and to the Provincial Auditor*

Pursuant to the *Workers' Compensation Act* which provides that the accounts of the Workers' Compensation Board (WCB) shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of the WCB as at December 31, 1995 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WCB management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1995 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.



Chartered Accountants

Toronto, Ontario  
March 15, 1996

# Consulting Actuaries' Report

## **Eckler Partners Ltd.**

*Consulting Actuaries' Report on the Valuation of the  
Benefits Liability of the Schedule 1 Accident Fund of the  
Workers' Compensation Board of Ontario as at December 31, 1995*

We have determined the estimated present value as at December 31, 1995 of future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be \$17,375 million. We have examined the data upon which the calculations were based and found them to be sufficient and reliable for the purposes of the valuation and consistent with the WCB's financial statements. We consulted with WCB management including the Chief Actuary in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to occupational disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account WCB management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43, and of the portions of compensation for future loss of earnings under section 43, and of supplemental pensions under section 147(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe WCB management's estimates in this regard to be reasonable.

The present value also takes into account the provisions of Bill 165 which came into effect as of January 1, 1995, which affects the indexing of compensation and which provides for additional pension for certain categories of injured worker.

The valuation was based on the provisions of the *Workers' Compensation Act* and on the WCB's administrative practices in effect as of January 1, 1996. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum with respect to fully indexed benefits and 5% per annum with respect of partially indexed benefits, on the assumption that investment income in excess of these rates will be required to finance increases in those benefits related to inflation. The long-term rate of general price inflation assumed in the valuation was 4% per annum.



The methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns and the improving mortality of injured workers and survivors and of amendments to the *Act*. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the WCB on the valuation.

In our opinion, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of \$17,375 million as at December 31, 1995 makes reasonable provision for future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1995.



David A. Short, F.S.A., F.C.I.A.



Jill M. Flicht, F.S.A., F.C.I.A.

Actuaries with the firm of Eckler Partners Ltd.  
March 15, 1996

# Ten-Year History

## Workers' Compensation Board Ten-Year Summary of the Statements of Operations and Unfunded Liability

(\$ millions)

	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
<b>Revenues</b>										
Assessment	\$ 2,653	\$ 2,351	\$ 2,283	\$ 2,528	\$ 2,505	\$ 2,596	\$ 2,678	\$ 2,377	\$ 2,092	\$ 1,737
Investment	593	499	521	453	450	440	409	316	272	217
	3,246	2,850	2,804	2,981	2,955	3,036	3,087	2,693	2,364	1,954
<b>Expenses</b>										
Benefits paid	2,385	2,331	2,435	2,444	2,342	2,059	1,782	1,624	1,463	1,246
Net increase (decrease) in benefits liability	(150)	(75)	400	760	1,440	1,220	2,117	1,443	1,096	1,304
Net increase in the Injured Workers' Retirement Fund	49	29	30	14	2	-	-	-	-	-
	2,284	2,285	2,865	3,218	3,784	3,279	3,899	3,067	2,559	2,550
Administrative and other	339	331	343	347	343	323	281	259	267	214
Legislated obligations	113	104	100	97	87	53	26	26	22	16
	2,736	2,720	3,308	3,662	4,214	3,655	4,206	3,352	2,848	2,780
<b>Surplus (Deficiency) from Operations</b>	510	130	(504)	(681)	(1,259)	(619)	(1,119)	(659)	(484)	(826)
<b>Unfunded Liability, beginning of year</b>	11,402	11,532	11,028	10,347	9,088	8,469	7,350	6,691	6,207	5,381
<b>Unfunded Liability, end of year</b>	\$ 10,892	\$ 11,402	\$ 11,532	\$ 11,028	\$ 10,347	\$ 9,088	\$ 8,469	\$ 7,350	\$ 6,691	\$ 6,207
<b>Other Statistics</b>										
	1995	1994	1993	1992	1991	1990	1989	1988	1987	1986
<b>Schedule 1</b>										
• Average rate of assessment (per \$100 of payroll)	\$ 3.00	\$ 3.01	\$ 2.95	\$ 3.16	\$ 3.20	\$ 3.18	\$ 3.12	\$ 3.02	\$ 2.88	\$ 2.65
• Total assessable payroll (\$ millions)	\$ 86,065	\$ 82,818	\$ 84,243	\$ 83,048	\$ 80,727	\$ 80,352	\$ 79,475	\$ 73,789	\$ 67,974	\$ 61,574
Number of WCB employees as at December 31	4,597	4,603	4,751	4,909	5,139	5,138	4,611	4,387	4,211	4,218
Number of registered claims	371,837	370,444	368,485	377,019	409,946	473,407	467,212	489,819	469,681	442,080

# Public Sector Salary Disclosure

The *Public Sector Salary Disclosure Act, 1996* requires the WCB to publish in its annual report 1995 salary and benefit information of employees whose salaries were \$100,000 or more.

<b>Name</b>	<b>Position</b>	<b>Earnings*</b>	<b>Taxable Benefits</b>	<b>Total Earnings</b>
Ali, Zainul	Treasurer	\$103,677	\$555	\$104,232
Aronshtam, Masha	Medical Advisor	\$107,211	\$520	\$107,731
Arvisais, James	Medical Advisor	\$106,488	\$520	\$107,008
Audia, Mary	Strategic Planning Co-ordinator	\$116,044	\$375	\$116,419
Belanger, Adele	Legal Counsel	\$112,795	\$502	\$113,296
Bodasing, Deomanie	Executive Director, Downsview Rehabilitation Centre	\$140,613	\$520	\$141,133
Boga, Amirali	Medical Co-ordinator	\$122,670	\$520	\$123,189
Bowman, Leslie	Medical Co-ordinator	\$117,172	\$520	\$117,691
Cantlie, George	Medical Co-ordinator	\$117,649	\$538	\$118,187
Carr, Patricia	Medical Consultant	\$125,577	\$520	\$126,096
Colaco, Carmen	Medical Co-ordinator	\$123,617	\$520	\$124,137
Cook, Gordon **	Director, Investments	\$101,383	\$428	\$101,811
Cooper, Glenn	Vice-President, Finance & Administration and Chief Financial Officer	\$127,357	\$553	\$127,909
Copeland, Kenneth	Acting President and Chief Executive Officer	\$283,848	\$ 0	\$283,848
Das, Lakshman	Medical Advisor	\$102,798	\$520	\$103,317
De Demeter, Dorrit	Medical Consultant	\$124,239	\$520	\$124,759
De Domenico, Ivan	Medical Advisor	\$111,509	\$478	\$111,987
Douglas, Colin	Legal Counsel	\$111,140	\$502	\$111,642
Dutton, William	Medical Advisor	\$116,166	\$520	\$116,686
Frame, Joy	Legal Counsel	\$105,662	\$520	\$106,182
Garg, Fwarn	Medical Advisor	\$110,759	\$529	\$111,288
Germansky, Martin	Medical Advisor	\$110,759	\$529	\$111,288
Goldenberg, Solomon ***	Medical Consultant	\$110,768	\$440	\$111,208
Greaves, Douglas	Executive Director, Equity Investments	\$132,500	\$641	\$133,141
Gregoire, Jean	Chief Actuary	\$107,059	\$480	\$107,538
Hadjiski, Anna	Medical Consultant	\$121,671	\$640	\$122,311
Ho, Michael	Clinical Training Specialist	\$123,294	\$520	\$123,814
Holyoke, Paul	Director, Legal Branch	\$121,924	\$567	\$122,492
Jolley, Linda	Vice-President, Human Resources & Client Appeals	\$119,434	\$517	\$119,952
Karr, William	Medical Co-ordinator	\$100,469	\$518	\$100,987
Kelly, Brian	Medical Co-ordinator	\$123,880	\$520	\$124,400
Kosmidis, Elizabeth	Legal Counsel	\$100,014	\$455	\$100,469
Lamoureux, Linda	Director, Special Investigations Branch	\$121,298	\$542	\$121,840
Linton, Mary	Vice-President, Investments	\$157,500	\$730	\$158,230
Little, William	Medical Consultant	\$123,461	\$581	\$124,042
Long, Kerry	Vice-President, Information Services and Chief Information Officer	\$170,000	\$ 0	\$170,000
Longmore, Robert	Medical Co-ordinator	\$126,153	\$580	\$126,733
Lortie-Monette, Francine	Medical Co-ordinator	\$104,798	\$503	\$105,301

<b>Name</b>	<b>Position</b>	<b>Earnings*</b>	<b>Taxable Benefits</b>	<b>Total Earnings</b>
MacArthur, Angus	Medical Consultant	\$125,060	\$531	\$125,590
Malayil, Ammini	Medical Consultant	\$124,982	\$520	\$125,502
Mastrilli, Arcangelo	Medical Advisor	\$110,422	\$520	\$110,941
Mueller, Peter	Vice-President, Communications & Public Affairs	\$100,000	\$577	\$100,577
Mulligan, Robert	Manager, Equity Investments	\$107,613	\$557	\$108,170
Paisley, Kenneth ***	Director, Clinical Resources & Consulting	\$127,650	\$518	\$128,168
Painvin, Catherine	Medical Co-ordinator	\$127,349	\$520	\$127,869
Picken, George	Director, Hamilton Regional Office	\$103,862	\$520	\$104,382
Preradovic, Nikola	Medical Advisor	\$113,706	\$520	\$114,226
Prichett, Barry	Medical Advisor	\$112,983	\$520	\$113,503
Redfearn, R. Graham	Medical Advisor	\$112,037	\$520	\$112,557
Rellinger, Catherine	Vice-President, Client Services	\$134,395	\$534	\$134,929
Roy, Marie	Medical Co-ordinator	\$108,560	\$520	\$109,080
Sahay, Satyendra	Medical Consultant	\$118,143	\$639	\$118,782
Schatz, Stanley	Medical Co-ordinator	\$117,172	\$ 0	\$117,172
Schofield, Michelle	Medical Co-ordinator	\$117,537	\$520	\$118,057
Sexsmith, Shauna	Manager, Equity Investments	\$102,064	\$539	\$102,603
Shapiro, Gary	Medical Advisor	\$113,389	\$520	\$113,909
Simmons, Wayne	Director, Bonds & Money Market Investments	\$116,311	\$520	\$116,830
Stewart, Thomas	Medical Advisor	\$117,256	\$527	\$117,783
Stones, David ***	Director, Revenue Projects	\$111,680	\$520	\$112,199
Sutherland, Doris	Medical Consultant	\$125,188	\$520	\$125,707
Tabesh, Ali	Medical Co-ordinator	\$114,976	\$537	\$115,513
Thakur, Ranasree	Medical Co-ordinator	\$122,516	\$520	\$123,036
Van Clieaf, Sam **	Vice-President, Client Services	\$114,602	\$520	\$115,122
Walker, John	Medical Advisor	\$101,732	\$465	\$102,197
Wardekar, Ashok	Medical Consultant	\$115,700	\$578	\$116,278
Werry, Clark	Medical Co-ordinator	\$102,024	\$461	\$102,485
Whyllie, Barbara	Chief Medical Officer	\$146,742	\$638	\$147,381
Yeandle-Hignell, James	Medical Co-ordinator	\$120,402	\$538	\$120,940

\* The amount shown as earnings in this disclosure statement may not represent the individual's actual annual rate of salary. The earnings required to be made public under the *Public Sector Salary Disclosure Act, 1996* reflect the amount reported to Revenue Canada on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 1995 for retroactive pay from a reclassification or a grievance settlement or a pay-out upon retirement. The earnings shown may be less than the individual's annual rate of salary if the individual worked only part of the year.

\*\*\* Retired.

\*\*\* No longer with the WCB on December 31, 1995.



# Board of Directors

## ***To January 31, 1995***

Kenneth Copeland  
Joseph Duffy  
Maurice Dutrisac  
Carola Lane  
Homer Seguin  
Carmer Sweica

## ***February 1 to April 10, 1995***

Kenneth Copeland  
Thomas (Tim) Armstrong  
Michael O'Keefe  
Margaret Risk  
Agnes Samler  
Brock Smith

## ***April 10 to November 1, 1995***

Kenneth Copeland  
Jayne Berman  
David Crisp  
Stephen Cryne  
Joseph Duffy  
Ethel LaValley  
Pearl MacKay  
John P. Martin  
Homer Seguin  
Ralph Steedman  
Carmer Sweica

## ***November 1 to December 31, 1995***

Under Bill 15, the President may exercise the powers and shall perform the duties of the Board of Directors. This provision will be repealed when a new Board of Directors is appointed.

# Workers' Compensation Board Offices

## **Head Office**

Simcoe Place  
200 Front Street West  
Toronto ON M5V 3J1

## **General Inquiry**

(416) 344-1000  
1-800-387-0750  
1-800-387-5540

## **Teletypewriter (TTY)**

1-800-387-0050

## **Internet**

Web site: <http://www.wcb.on.ca>  
E-mail: [wcbcomm@gov.on.ca](mailto:wcbcomm@gov.on.ca)

## **IVR/Fax-Back Service**

(416) 344-4800  
1-888-WCB-INFO  
(1-888-922-4636)

## **WCB Main Fax**

(416) 344-4684

## **Revenue Inquiry**

(416) 344-1013  
1-800-387-8638  
Fax: (416) 344-3381

## **Integrated Service Units**

*Central Ontario East*  
(416) 344-1001  
1-800-263-8877

*Central Ontario West*  
(416) 344-1005  
1-800-387-0025

*Central Ontario South*  
(416) 344-1007  
1-800-387-0068

*Central Ontario Construction*  
(416) 344-1004  
1-800-387-0080

*Toronto North*  
(416) 344-1003  
1-800-387-8607

*Toronto South*  
(416) 344-1008  
1-800-387-0064

*Toronto East*  
(416) 344-1002  
1-800-387-0066

*Toronto West*  
(416) 344-1006  
1-800-387-0062

*Complex Case Unit (Injuries)*  
(416) 344-1009  
1-800-465-5538

*Complex Case Unit (Diseases)*  
(416) 344-1010  
1-800-465-9646

**Toronto Information Centre**  
1382 St. Clair Avenue West  
Toronto ON M6E 1C6  
(416) 652-1212

**Downsview Rehabilitation Centre**  
115 Torbarrie Road  
Downsview ON M3L 1G8  
(416) 244-1761  
Fax: (416) 240-2102

## **Regional Offices**

*Hamilton*  
P.O. Box 2099  
Station LCD1  
120 King Street West  
Hamilton ON L8N 4C5  
(905) 523-1800  
1-800-263-8488  
(416, 519, 613, 705 & 905)  
Fax: (905) 523-7014  
(905) 521-4576  
Revenue Fax: (905) 521-4203

*London*  
148 Fullarton Street  
London ON N6A 5P3  
(519) 663-2331  
1-800-265-4752  
Fax: (519) 663-2333  
Revenue Fax: (519) 663-2381

*Ottawa*  
360 Albert Street  
Suite 200  
Ottawa ON K1R 7X7  
(613) 238-7851  
1-800-267-9601  
(Ontario & Quebec)  
Fax: (613) 239-3321  
(613) 239-3349  
Revenue Fax: (613) 239-3435

*Sudbury*  
30 Cedar Street  
Sudbury ON P3E 1A4  
(705) 675-9301  
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*Statistical Supplement to the  
1995 Annual Report*

Government  
Publications



# *Statistical Supplement to the 1995 Annual Report*

This publication is supplemental to the WCB's 1995 Annual Report. Ten-year trend figures are shown where available. In some tables, percentages do not necessarily add up to 100 due to rounding.

The WCB's 1995 Annual Report is also available upon request from the Workers' Compensation Board's Communications and Public Affairs Division.

200 Front Street West, 18th Floor  
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1-800-387-5540, extension 4200

## **Teletypewriter (TTY)**

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## **Internet**

Web site: <http://www.wcb.on.ca>  
E-mail: [wcbcomm@gov.on.ca](mailto:wcbcomm@gov.on.ca)

Vous pouvez obtenir un exemplaire du Rapport annuel 1995 et du Supplément statistique en français auprès de la Commission des accidents du travail, Division des communications et des affaires publiques.

200, rue Front Ouest, 18<sup>e</sup> étage  
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The WCB recently developed new data collection and reporting systems. The implementation of these systems results in more timely reporting. Reporting of detailed claims profiles for 1996 accidents are available upon request. To receive more information, please call the Information Hotline at (416) 344-4700, or toll-free, 1-800-387-5540 extension 4700.

ISSN 0848-5046 Statistical Supplement 1995

2278A (06/96)

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# Claim Volumes

Tables in this section provide different perspectives on the number of accidents which occurred in the workplace each year and the workers' compensation claims arising from these accidents.

Table 1 lists the number of claims according to the year a claim is reported and registered. This provides an indication of the administrative workload at the WCB. Delays in reporting and the long processing times of some complex cases complicate the tabulation and reporting of statistics concerning accidents and claims for a given year. The count of accidents grows or matures as more claims are reported and decisions are made. The process by which the counts grow after the end of the year, due to registrations and

dispositions of pending claims, is called "maturing". The other two tables show the number of claims according to when the accident occurred. Since some accidents are reported late, the number of claims by year of accident changes, depending on when the count is made. Table 2 provides a snapshot of the accident counts by claim status as of March 31 following the year of accident (three months after the end of the year) while Table 3 gives a snapshot at 15 months after the end of the year, when most maturing has occurred.

More details and background on these summary statistics can be found in the explanatory notes that accompany each table.

# Table 1

## Number of Registrations in a Year (1986 - 1995)

Figures in this table show the number of claims registered with the WCB in each year. Annual volumes of claim registrations provide a measure of the overall administrative workload at the WCB.

Although most claims are reported and registered in the same year as the accident occurred, there are cases in which the claim is reported and registered after the year of the accident. This table provides a breakdown of registered claims for accidents that occurred in the current year and in prior years.

The figures encompass all claims reported to the WCB in the reference year, including those that are allowed, not allowed and those pending at the end of the year (such as those awaiting further information upon which to base an entitlement decision).

The breakdown of claims by accidents in the current year and in prior years provides a relative measure of reporting delays in different years.

## Number of Claims and Percentage of Total Claims

	Year of Registration																			
	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%
Accidents in Current Year	418,208	95%	444,130	95%	472,348	96%	447,577	96%	433,814	92%	390,115	95%	361,437	96%	351,486	95%	356,236	96%	354,449	95%
Accidents in Prior Years	23,872	5%	25,551	5%	17,471	4%	19,635	4%	39,593	8%	19,831	5%	15,582	4%	16,999	5%	14,208	4%	17,388	5%
Total Registrations	442,080	100%	469,681	100%	489,819	100%	467,212	100%	473,407	100%	409,946	100%	377,019	100%	368,485	100%	370,444	100%	371,837	100%



# Table 2

## Number of Accidents in a Year Registered as of March 31 of the Following Year (1988 - 1995)

Figures in this table show the number of accidents which occurred in the reference year and registered by March 31 of the following year.

Some claims are not reported and/or not allowed in the same year as the accident occurred. Therefore, these figures are not complete counts of all accidents that may have occurred during the reference year. Rather, they are an accurate representation of decisions made up to three months after the year of accident (in other words, up to

March 31 of the following year). In addition, the breakdown by type of claim (lost-time, no lost-time, etc.) is based on the status of claims as of March 31 of the following year. These statuses, particularly the pending status, may change after March 31. For instance, a claim with pending status on March 31 may later change to lost-time, no lost-time, or not allowed.

Status as of March 31 of the Following Year	Year of Accident									
	1988	%	1989	%	1990	%	1991	%	1992	%
<b>SCHEDULE 1</b>										
Allowed Lost-Time	185,585	43%	178,755	42%	161,781	41%	133,492	38%	116,184	36%
Allowed No Lost-Time	205,557	47%	193,300	46%	184,990	46%	174,263	49%	163,339	50%
Not Allowed	36,796	8%	39,827	9%	45,809	11%	41,802	12%	42,070	13%
Abandoned	28,480		32,051		37,980		33,651		32,954	
Denied	8,316		7,776		7,829		8,151		9,116	
Pending	7,308	2%	11,007	3%	5,795	1%	3,107	1%	3,311	1%
<b>Sub-total</b>	<b>435,246</b>	<b>100%</b>	<b>422,389</b>	<b>100%</b>	<b>398,375</b>	<b>100%</b>	<b>352,664</b>	<b>100%</b>	<b>324,904</b>	<b>100%</b>
<b>SCHEDULE 2</b>										
Allowed Lost-Time	22,914	44%	22,712	44%	22,663	44%	21,983	44%	20,756	43%
Allowed No Lost-Time	21,293	41%	20,552	40%	20,760	41%	20,941	42%	20,235	42%
Not Allowed	6,907	13%	6,482	13%	6,873	13%	6,843	14%	7,167	15%
Abandoned	5,494		5,204		5,762		5,498		5,534	
Denied	1,413		1,278		1,111		1,345		1,633	
Pending	1,294	2%	1,618	3%	871	2%	573	1%	572	1%
<b>Sub-total</b>	<b>52,408</b>	<b>100%</b>	<b>51,364</b>	<b>100%</b>	<b>51,187</b>	<b>100%</b>	<b>50,340</b>	<b>100%</b>	<b>48,730</b>	<b>100%</b>
<b>TOTAL</b>										
Allowed Lost-Time	208,499	43%	200,967	42%	184,444	41%	155,475	39%	136,940	37%
Allowed No Lost-Time	226,850	47%	213,852	45%	205,770	46%	195,204	48%	183,574	49%
Not Allowed	43,703	9%	46,309	10%	52,682	12%	48,645	12%	49,237	13%
Abandoned	33,974		37,255		43,742		39,149		38,488	
Denied	9,729		9,054		8,940		9,496		10,749	
Pending	8,602	2%	12,625	3%	6,666	1%	3,680	1%	3,883	1%
<b>Total</b>	<b>487,654</b>	<b>100%</b>	<b>473,753</b>	<b>100%</b>	<b>449,562</b>	<b>100%</b>	<b>403,004</b>	<b>100%</b>	<b>373,634</b>	<b>100%</b>

### Notes:

1. Reporting claim volumes in this manner started in 1989. Comparable claim volumes statistics for years prior to 1988 are not available.
2. Lost-time claims include compensable claims by workers who have lost wages as a result of a temporary disability, as well as those who have a permanent impairment with time lost from work.
3. No lost-time claims involve accidents where no wage loss benefits were paid to the worker. Permanent impairment injuries or occupational diseases where the worker did not lose time from work beyond the day of the accident are also included.
4. Abandoned claims include cases where the WCB could not collect information from the worker to substantiate the claim or the worker withdraws a claim.
5. Denied claims include cases where the injuries or diseases are not work-related (denial based on merit) or workers/employers are not covered by the *Workers' Compensation Act* (denial based on status).
6. Employers in Ontario are categorized as either Schedule 1 or Schedule 2. Schedule 1 employers are required to pay annual assessments, which form the WCB's Accident Fund. Compensation and health care for injured workers are paid for out of this fund and administered by the WCB. The majority of employers in Ontario form Schedule 1. Under Schedule 2, each employer is liable for paying the compensation and health care costs of any worker who suffers an occupational accident or disease. Employers in this category include: municipal, provincial and federal governments, railways, airlines and telephone companies.

# Table 3

**Number of Accidents in a Year with Estimate for Maturing (1988 - 1995)**

This table is an extension of Table 2. The purpose is to provide, as closely as possible, a count of the claims which will ultimately be registered and allowed that arise from accidents occurring in the reference year. The process by which the counts grow after the end of the year, due to registrations and dispositions of pending claims, is called "maturing". A matured count of claims more accurately reflects the base upon which liabilities and the ultimate costs of the workers' compensation system are based.

The figures below show the number of accidents in the reference year based on registration and decisions made up to 15 months after

the end of the accident year. For example, the figures for 1988 show the number of accidents for that year registered and adjudicated by March 31, 1990. Likewise, the breakdown of claims is based on the statuses of these claims as of March 31 of the second year after the year of accident.

By comparing these figures to those reported in Table 2, an estimate can be obtained of the additional maturing resulting from additional claims reported after March 31 of the following year, and also from changes in status, such as from pending to allowed.

Status as of March 31 of the Second Year After Accident Year		Year of Accident															
		1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995 *	%
SCHEDULE 1																	
Allowed Lost-Time		192,466	44%	183,875	43%	165,139	41%	135,281	38%	118,390	36%	107,189	34%	108,876	34%	103,914	32%
Allowed No Lost-Time		206,344	47%	195,427	46%	186,484	47%	175,469	50%	164,007	50%	159,950	51%	158,431	49%	165,809	51%
Not Allowed		37,550	9%	44,414	10%	48,127	12%	42,969	12%	43,259	13%	45,728	15%	55,077	17%	55,426	17%
Abandoned		28,253		35,085		38,964		33,839		33,072		35,520		43,867		43,226	
Denied		9,297		9,329		9,163		9,130		10,187		10,208		11,210		12,200	
SCHEDULE 2																	
Allowed Lost-Time		23,970	46%	23,595	46%	23,267	45%	22,499	44%	21,614	44%	20,834	42%	19,876	41%	17,673	39%
Allowed No Lost-Time		21,398	41%	20,785	41%	20,985	41%	21,739	42%	20,640	42%	21,053	42%	19,562	41%	18,834	42%
Not Allowed		6,961	13%	6,816	13%	7,103	14%	7,052	14%	7,339	15%	7,948	16%	8,776	18%	8,718	19%
Abandoned		5,311		5,274		5,748		5,493		5,523		5,885		6,544		6,289	
Denied		1,650		1,542		1,355		1,559		1,816		2,063		2,232		2,479	
TOTAL																	
Allowed Lost-Time		216,436	44%	207,470	44%	188,406	42%	157,780	39%	140,004	37%	128,023	35%	128,752	35%	121,537	33%
Allowed No Lost-Time		227,742	47%	216,212	46%	207,469	46%	196,708	49%	184,647	49%	181,003	50%	177,993	48%	184,643	50%
Not Allowed		44,511	9%	51,230	11%	55,230	12%	50,021	12%	50,598	13%	53,676	15%	63,853	17%	64,144	17%
Abandoned		33,564		40,359		44,712		39,332		38,595		41,405		50,411		49,515	
Denied		10,947		10,871		10,518		10,689		12,003		12,271		13,442		14,629	

\* The 1995 data is estimated. The estimates are based on prior registration experience and the probabilities associated with the disposition of new and pending claims

# Detailed Claims Profiles

The tables in this section provide, by year of accident, detailed analyses of lost-time injuries and occupational diseases as reported in Table 2. Lost-time claims reported and allowed as of March 31 of the following year are included.

The profile breakdowns are based on national standards:

- for nature of injury, part of body, type of accident and source of injury (Tables 6 to 9), American National Standards Institute (ANSI) is used;
- for occupation (Table 10), *Canadian Classification and Dictionary of Occupations* (CCDO) is used; and
- for industry (Table 11), *Standard Industrial Classification Manual* (SIC) is used.

## *Note:*

As indicated in the explanatory notes of Table 2, the total number of accidents shown in these profiles is not a complete count of accidents that have occurred in the reference year. The figures are the result of a snapshot taken as of March 31 of the following year. For further details, please read the explanatory notes in Table 2.

### *Lost-Time Claims by Age Group (1986 - 1995)*

Table 5

### *Lost-Time Claims by Gender (1986 - 1995)*

Gender	Year of Accident																			
	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%
Male	155,002	75.5	155,002	75.5	155,546	74.6%	145,742	72.5%	178,387	69.6%	110,859	71.3%	96,572	70.1%	88,143	70.4%	89,395	70.4%	83,742	70.1%
Female	49,624	24.2	49,624	24.2	52,244	25.1%	50,825	25.3%	47,634	25.8%	44,063	28.3%	40,312	29.4%	36,918	29.5%	37,098	29.5%	35,454	29.8%
		0.2%		0.3%	709	0.3%	4,400	2.2%	8,403	4.6%	553	0.4%	56	0.0%	61	0.0%	151	0.1%	118	0.1%
Total	195,937	100%	205,259	100%	208,499	100%	200,967	100%	184,444	100%	155,475	100%	136,940	100%	125,122	100%	125,644	100%	118,814	100%



*Note: NEC stands for not elsewhere classified.*

### *Lost-Time Claims by Part of Body Injured (1986 - 1995)*

*Note: Not applicable category consists mainly of occupational illnesses.*

### Lost-Time Claims by Type of Accident (1986 - 1995)

Is for not elsewhere class -

## Lost-Time Claims by Source of Injury (1986 - 1995)

Source of Injury	Year of Accident											
	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%
Bodily motion	26,406	13.5%	26,336	12.8%	27,352	13.1%	27,440	14.6%	26,872	14.6%	23,981	15.4%
Working surfaces	25,695	13.1%	26,738	13.0%	27,181	13.0%	26,376	13.5%	24,943	14.3%	22,224	14.3%
Boxes, barrels, containers, packages	21,192	10.8%	23,591	11.5%	23,900	11.5%	25,302	12.9%	23,778	14.5%	22,574	14.5%
Metal items	18,524	9.5%	20,649	10.1%	20,842	10.0%	20,668	10.3%	18,180	8.9%	13,820	8.9%
Vehicles	13,713	7.0%	14,657	7.1%	14,293	6.9%	11,910	5.9%	10,422	5.9%	10,444	6.7%
Animals, insects, birds, reptiles,												
and persons	7,378	3.8%	7,775	3.8%	8,259	4.0%	8,198	4.1%	8,090	5.3%	8,197	5.3%
Machines	10,897	5.6%	11,346	5.5%	10,811	5.2%	9,589	4.8%	7,948	4.4%	6,847	4.4%
Hand tools, not powered	9,488	4.8%	9,816	4.8%	9,421	4.5%	9,046	4.5%	7,710	4.2%	6,386	4.1%
Furniture, fixtures, furnishings	5,888	3.0%	6,134	3.0%	6,345	3.0%	5,761	2.9%	5,070	2.7%	4,759	3.1%
Buildings and structures	2,996	1.5%	3,244	1.6%	3,075	1.5%	3,249	1.6%	2,958	1.6%	2,732	1.8%
Hand tools, powered	4,087	2.1%	4,469	2.2%	4,533	2.2%	4,483	2.2%	3,290	1.8%	2,538	1.6%
Wood items	4,055	2.1%	4,388	2.1%	4,184	2.0%	3,487	1.7%	2,824	1.5%	2,216	1.4%
Electric apparatus	2,219	1.1%	2,338	1.1%	2,397	1.1%	2,181	1.1%	2,018	1.1%	1,798	1.2%
Chemicals and chemical compounds	2,231	1.1%	2,410	1.2%	2,252	1.1%	1,980	1.0%	1,965	1.1%	1,716	1.1%
Particles	3,082	1.6%	3,516	1.7%	4,105	2.0%	3,162	1.6%	2,375	1.3%	1,861	1.1%
Food products	1,330	0.7%	1,461	0.7%	1,339	0.6%	1,214	0.6%	1,100	0.6%	937	0.6%
Glass items	1,524	0.8%	1,763	0.9%	1,758	0.8%	1,548	0.8%	1,306	0.7%	1,110	0.7%
Hoisting apparatus	950	0.5%	945	0.5%	877	0.4%	797	0.4%	680	0.4%	665	0.4%
Liquids	1,144	0.6%	1,161	0.6%	1,079	0.5%	1,101	0.5%	1,024	0.6%	905	0.6%
Boilers and pressure vessels	741	0.4%	878	0.4%	860	0.4%	855	0.4%	740	0.4%	598	0.4%
Radiating substances and equipment	854	0.4%	941	0.5%	974	0.5%	894	0.4%	669	0.4%	495	0.3%
Plants, trees and vegetation	1,207	0.6%	1,061	0.5%	870	0.4%	786	0.4%	719	0.4%	671	0.4%
Conveyors	792	0.4%	729	0.4%	723	0.3%	767	0.4%	659	0.4%	541	0.3%
Mineral items, non-metallic	756	0.4%	754	0.4%	720	0.3%	616	0.3%	556	0.3%	527	0.3%
Paper and pulp items	917	0.5%	937	0.5%	848	0.4%	818	0.4%	665	0.4%	588	0.4%
Mechanical power transmission apparatus	1,020	0.5%	1,031	0.5%	1,056	0.5%	949	0.5%	808	0.4%	610	0.4%

Table continued on next page.



### *Lost-Time Claims by Source of Injury (1986 - 1995)*

the noise category is due to the re-classification of hearing loss claims. See note in Table 6



## Lost-Time Claims by Occupation (1986 - 1995)

Occupation	Year of Accident											
	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%
Service	22,630	11.5%	23,277	11.3%	23,206	11.1%	22,156	11.0%	22,031	11.9%	22,424	15.3%
Products fabricating, assembling and repairing	31,484	16.1%	30,332	14.8%	30,662	14.7%	29,077	14.5%	26,270	14.2%	22,977	14.5%
Transport equipment operating	13,720	7.0%	13,735	6.7%	13,933	6.7%	13,272	6.6%	12,394	6.7%	12,776	8.4%
Machining and related	17,714	9.0%	18,691	9.1%	18,301	8.8%	17,815	8.9%	15,115	8.2%	11,693	7.1%
Clerical and related	12,037	6.1%	12,052	5.9%	12,083	5.8%	11,679	5.8%	11,043	6.0%	10,601	6.8%
Materials handling and related	12,866	6.6%	13,132	6.4%	13,458	6.5%	12,506	6.2%	11,285	6.1%	10,138	6.5%
Medicine and health	7,186	3.7%	7,485	3.6%	7,811	3.7%	8,099	4.0%	8,342	4.5%	8,708	5.6%
Construction trades	17,895	9.1%	18,061	8.8%	18,006	8.6%	17,271	8.6%	15,614	8.5%	12,278	7.9%
Processing	14,077	7.2%	14,280	7.0%	13,225	6.3%	11,817	5.9%	10,387	5.6%	9,480	6.1%
Sales	5,379	2.7%	5,318	2.6%	5,112	2.5%	5,313	2.6%	5,717	3.1%	5,973	3.8%
Teaching and related	1,402	0.7%	1,457	0.7%	1,587	0.8%	1,672	0.8%	1,753	1.0%	2,001	1.3%
Farming, horticultural and animal husbandry	3,121	1.6%	3,055	1.5%	2,951	1.4%	2,559	1.3%	2,452	1.3%	2,546	1.6%
Social sciences and related	1,036	0.5%	923	0.4%	1,014	0.5%	1,160	0.6%	1,221	0.7%	1,659	1.1%
Other crafts and equipment operating	2,617	1.3%	2,414	1.2%	2,312	1.1%	2,293	1.1%	2,043	1.1%	2,154	1.4%
Natural sciences, engineering and mathematics	1,111	0.6%	1,196	0.6%	1,247	0.6%	1,131	0.6%	1,308	0.7%	1,139	0.7%
Managerial, administrative and related	801	0.4%	739	0.4%	601	0.3%	596	0.3%	804	0.4%	913	0.6%
Artistic, literary, recreational and related	442	0.2%	464	0.2%	448	0.2%	427	0.2%	479	0.3%	525	0.3%
Forestry and logging	1,175	0.6%	876	0.4%	739	0.4%	591	0.3%	495	0.3%	458	0.3%
Mining and quarrying including oil and gas	1,226	0.6%	1,211	0.6%	1,061	0.5%	820	0.4%	757	0.4%	696	0.4%
Fishing, hunting, trapping and related	54	0.0%	32	0.0%	25	0.0%	23	0.0%	29	0.0%	33	0.0%
Religion	2	0.0%	4	0.0%	6	0.0%	1	0.0%	1	0.0%	3	0.0%
Occupations, NEC	12,040	6.1%	14,509	7.1%	15,760	7.6%	16,292	8.1%	14,050	7.6%	10,212	6.6%
Occupation not stated	15,922	8.1%	22,016	10.7%	24,951	12.0%	24,397	12.1%	20,854	11.3%	6,088	3.9%
<b>Total</b>	<b>195,937</b>	<b>100%</b>	<b>205,259</b>	<b>100%</b>	<b>208,499</b>	<b>100%</b>	<b>200,967</b>	<b>100%</b>	<b>184,444</b>	<b>100%</b>	<b>155,475</b>	<b>100%</b>
											<b>125,122</b>	<b>100%</b>
											<b>125,644</b>	<b>100%</b>
											<b>118,814</b>	<b>100%</b>

Note: NEC stands for not elsewhere classified.

\* Based on Standard Industrial Classification Manual (1970 version).

# Occupational Fatalities

Fatal claims refer to all claims where a fatality has occurred and fatal benefits are being claimed. This section shows the distribution of fatal claims submitted (Table 12) and fatal claims allowed (Table 13). The number of allowed claims are irrespective of the year in which the claim was registered or the year in which the fatality occurred. Therefore, numbers within each of the two tables are not comparable.

Fatal claims are categorized into the following:

- occupational diseases — the worker had an occupational disease and died;

- immediate deaths — the worker had an accident at work and died the same day;
- not immediate deaths — the worker had an accident at work and died at a later date; and
- 100% disability pensions — the worker who died was receiving a 100% permanent disability pension and the cause of death may or may not be work-related.

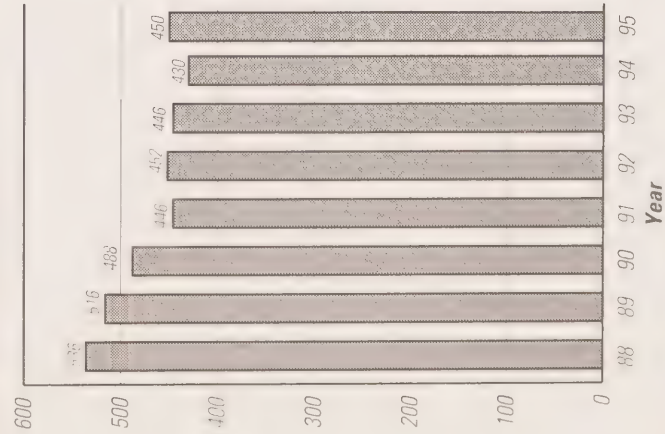
Figures in the above categories are mutually exclusive.

# Table 12

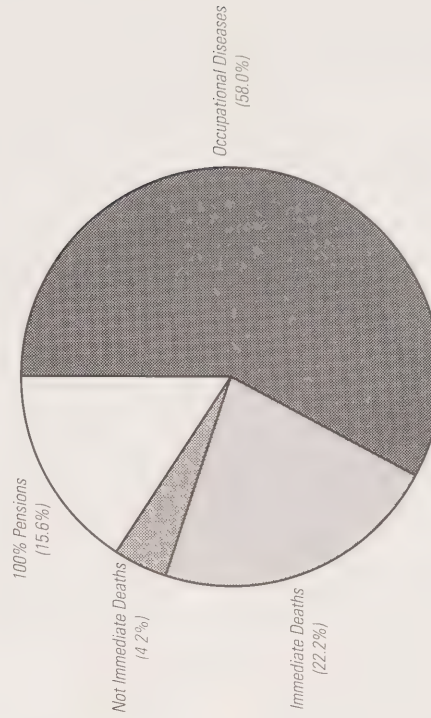
## Occupational Fatalities by Year of Registration (1988 - 1995)

	Year of Registration									
	1988	%	1989	%	1990	%	1991	%	1992	%
Occupational Diseases	228	43%	226	44%	256	52%	207	46%	238	53%
Immediate Deaths	175	33%	172	33%	131	27%	138	31%	114	25%
Not Immediate Deaths	60	11%	54	10%	54	11%	40	9%	30	7%
100% Pensions	73	14%	64	12%	47	10%	61	14%	70	15%
<b>Total</b>	<b>536</b>	<b>100%</b>	<b>516</b>	<b>100%</b>	<b>488</b>	<b>100%</b>	<b>446</b>	<b>100%</b>	<b>452</b>	<b>100%</b>
									<b>430</b>	<b>100%</b>
									<b>450</b>	<b>100%</b>

### Registered Fatal Claims



### 1995 Registered Fatal Claims by Category





# Table 13

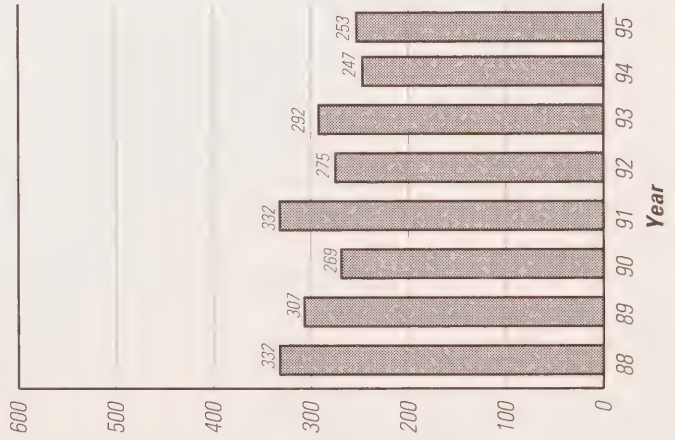
## Occupational Fatalities by Year Allowed (1988 - 1995)

	Year Allowed							
	1988	%	1989	%	1990	%	1991	%
Occupational Diseases	98	30%	87	28%	77	29%	120	36%
Immediate Deaths	141	42%	128	42%	119	44%	115	35%
Not Immediate Deaths	21	6%	31	10%	28	10%	31	9%
100% Pensions	72	22%	61	20%	45	17%	66	20%
<b>Total</b>	<b>332</b>	<b>100%</b>	<b>307</b>	<b>100%</b>	<b>269</b>	<b>100%</b>	<b>332</b>	<b>100%</b>

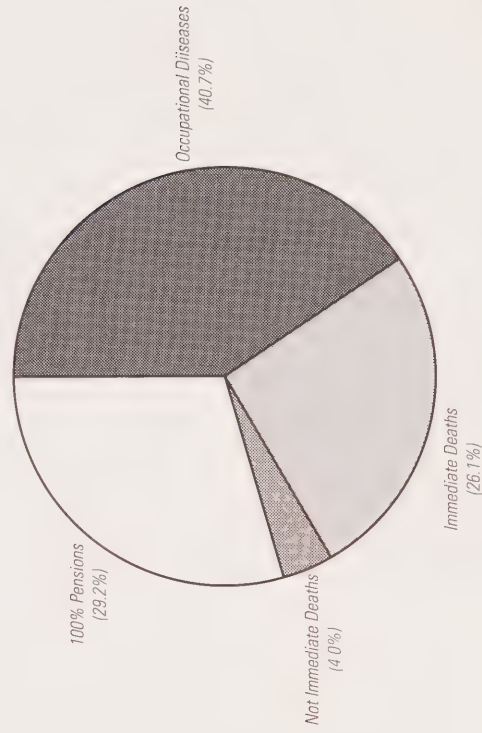
  

	1992	%	1993	%	1994	%	1995	%
Occupational Diseases	109	40%	111	38%	85	34%	103	41%
Immediate Deaths	88	32%	80	27%	67	27%	66	26%
Not Immediate Deaths	21	8%	20	7%	9	4%	10	4%
100% Pensions	57	21%	81	28%	86	35%	74	29%
<b>Total</b>	<b>275</b>	<b>100%</b>	<b>292</b>	<b>100%</b>	<b>247</b>	<b>100%</b>	<b>253</b>	<b>100%</b>

### Allowed Fatal Claims



### 1995 Allowed Fatal Claims by Category



# Duration of Short-Term Disability Benefits

This section shows the composite measure of the average duration of short-term disability benefits. This measure was adopted as a standard for reporting by the members of the Association of Workers' Compensation Boards of Canada (AWCBC) Steering Committee on Comparability in February 1994. Short-term disability benefits include all benefit periods under section 37 of the *Workers' Compensation Act* (i.e. temporary compensation and short-term vocational rehabilitation) which are awarded while reaching maximum medical rehabilitation. Under Bill 162 legislation, which came into effect on January 2, 1990, workers who suffer an injury or occupational disease resulting in temporary disability for twelve continuous months are eligible for future economic loss (FEL) benefits under section 43. Benefit periods under sections 147(2) and 43(9) are not included.

The composite approach uses short-term disability benefit days paid in the current year to estimate an average lifetime duration of short-term disability over the lifetime of a claim. Days of short-term disability paid in the current year are separated by year of accident into a series of components, including:

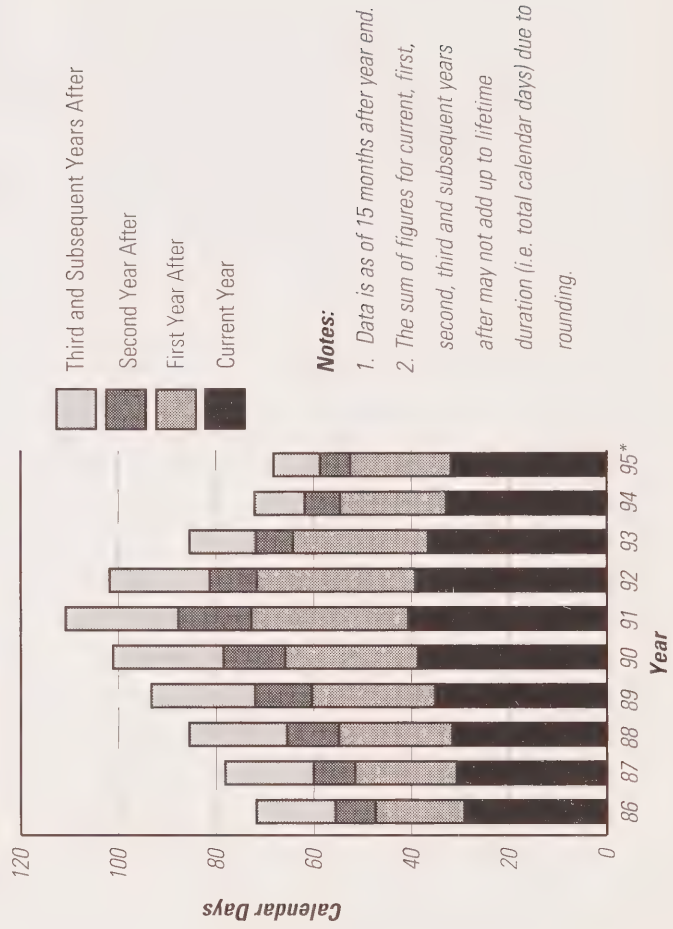
- benefit days paid in the current year for accidents that happened in the current year, and divided by the number of lost-time injuries or occupational diseases in the year – an estimate of the duration during the first year of accident;
- benefit days paid in the current year for accidents that happened in the calendar year prior to the current year, and divided by the number of lost-time injuries or occupational diseases in that year – an estimate of the duration during the first year after the year of accident;
- benefit days paid in the current year for accidents that happened two calendar years prior, and divided by the number of lost-time injuries or occupational diseases in that year – an estimate of the duration during the second year after the year of accident; and
- benefit days paid in the current year for accidents that happened three calendar years prior, and divided by the number of lost-time injuries or occupational diseases in that year – an estimate of the duration during the third year after the year of accident.

# Table 14

## Duration of Short-Term Disability Benefits (1986 - 1995)

Average Duration Components	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995*
Current Year	29.2	30.8	31.7	35.2	38.7	40.7	39.2	36.6	32.9	31.9
First Year After	18.2	20.8	23.2	25.2	27.2	32.1	32.5	27.7	21.7	20.6
Second Year After	8.2	8.5	10.6	11.6	12.6	14.9	9.6	7.6	7.2	6.2
Third and Subsequent Years After	16.2	18.1	20.0	21.3	22.6	23.1	20.5	13.5	10.3	9.5
<b>Lifetime Duration (calendar days)</b>	<b>71.8</b>	<b>78.1</b>	<b>85.5</b>	<b>93.3</b>	<b>101.1</b>	<b>110.8</b>	<b>101.8</b>	<b>85.4</b>	<b>72.0</b>	<b>68.2</b>

### Duration of Short-Term Disability Benefits



\* Matured 1 year into future.

# Future Economic Loss Awards

Compensation for future economic loss (FEL) of earnings is awarded under section 43 of the *Workers' Compensation Act*. These benefits are applicable to accidents which occurred after January 1, 1990. Workers who sustain injuries or occupational diseases resulting in 12 months of continuous temporary total benefits and workers who sustain injuries resulting in permanent impairment are entitled to FEL benefits until age 65.

The amount of compensation is equal to 90% of the difference between the worker's net average earnings before the injury or occupational disease and the net average earnings that the worker is likely to be able to earn after the injury or occupational disease in suitable and available employment. All FEL awards shown in Table 15 are initial determinations (D1) of these benefits. The amount of these awards will be reviewed by the WCB two years (R1) and five years (R2) after the date of initial determination. FEL awards shown in Table 16 refer to the first review (R1).

Supplements to FEL benefits are applicable to injured workers who are co-operating in a WCB-authorized vocational or medical rehabilitation program. Unemployed workers receiving a FEL award which is less than 100% may be eligible for supplemental benefits.

Sustainability awards are given to workers who are either employed with no wage loss or who are participating in a vocational rehabilitation program and are expected to return to work with no wage loss, but where the sustainability of the employment is uncertain.



# Table 15

**Future Economic Loss (FEL) – New Awards for Initial Determination (1991 - 1995)**

Percent Wage Loss	1991			1992			1993			1994			1995		
	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements
Sustainability Awards	1,092	23.8%	936	2,609	22.2%	2,184	1,647	22.3%	1,323	1,875	25.8%	1,078	1,328	25.6%	856
0.01 - 10.00%	369	8.1%	287	768	6.5%	546	479	6.5%	348	557	7.7%	367	412	7.9%	274
10.01 - 30.00%	1,160	25.3%	935	3,206	27.3%	2,444	1,936	26.2%	1,538	1,790	24.7%	1,372	1,247	24.1%	925
30.01 - 50.00%	985	21.5%	768	3,029	25.8%	2,316	1,983	26.9%	1,606	1,714	23.6%	1,370	1,208	23.3%	963
50.01 - 99.99%	459	10.0%	259	1,247	10.6%	741	777	10.5%	525	743	10.2%	513	483	9.3%	340
100%	518	11.3%	-	897	7.6%	-	557	7.5%	-	578	8.0%	-	507	9.8%	-
<b>Total</b>	<b>4,583</b>	<b>100%</b>	<b>3,185</b>	<b>11,756</b>	<b>100%</b>	<b>8,231</b>	<b>7,379</b>	<b>100%</b>	<b>5,340</b>	<b>7,257</b>	<b>100%</b>	<b>4,700</b>	<b>5,185</b>	<b>100%</b>	<b>3,358</b>

# Table 16

**Future Economic Loss (FEL) – Awards for First Review (R1) (1993 - 1995)**

Percent Wage Loss	1993			1994			1995		
	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements
Sustainability Awards	868	27.1%	197	2,407	23.7%	589	2,136	25.9%	577
0.01 - 10.00%	197	6.2%	68	621	6.1%	229	478	5.8%	183
10.01 - 30.00%	753	23.5%	347	2,586	25.5%	1,084	1,990	24.1%	882
30.01 - 50.00%	737	23.0%	353	2,627	25.9%	1,112	2,197	26.7%	1,032
50.01 - 99.99%	233	7.3%	55	854	8.4%	243	670	8.1%	227
100%	414	12.9%	-	1,049	10.3%	-	770	9.3%	-
<b>Total</b>	<b>3,202</b>	<b>100%</b>	<b>1,020</b>	<b>10,144</b>	<b>100%</b>	<b>3,257</b>	<b>8,241</b>	<b>100%</b>	<b>2,901</b>

## Notes:

1. Unemployed workers receiving a FEL award which is less than 100% may be eligible for supplemental benefits. In 1995, 82% of unemployed workers receiving a wage loss award less than 100% received a supplement at D1 and 47% received a supplement at R1.
2. Claims that were confirmed to be 0% wage loss and were non-monetary awards, are not included in the above table.
3. FEL cases are not eligible for a benefit at R1 if no permanent impairment has been determined, workers have turned age 65 or have died.

## Table 17

**Non-Economic Loss (NEL) – New Awards (1992 - 1995)**

Percent	1992		1993		1994		1995	
	Permanent Impairment	Number of NEL Awards	%	Number of NEL Awards	%	Number of NEL Awards	%	Number of NEL Awards
0.01 - 5.00%		2,181	25.3%	4,331	24.9%	6,896	29.4%	3,731
5.01 - 10.00%		2,026	23.5%	4,029	23.1%	6,191	26.4%	3,173
10.01 - 15.00%		1,635	19.0%	3,457	19.9%	4,293	18.3%	2,428
15.01 - 20.00%		1,335	15.5%	2,636	15.1%	2,979	12.7%	1,884
20.01 - 25.00%		852	9.9%	1,700	9.8%	1,574	6.7%	1,460
25.01 - 30.00%		330	3.8%	742	4.3%	768	3.3%	774
30.01 - 40.00%		170	2.0%	344	2.0%	467	2.0%	435
40.01 - 60.00%		44	0.5%	91	0.5%	163	0.7%	158
60.01 - 99.99%		3	0.0%	39	0.2%	35	0.1%	43
100%		31	0.4%	44	0.3%	57	0.2%	56
<b>Total</b>		<b>8,607</b>	<b>100%</b>	<b>17,413</b>	<b>100%</b>	<b>23,423</b>	<b>100%</b>	<b>14,142</b>
								<b>100%</b>

**Notes:**

1. Compensation for non-economic loss (NEL) is awarded under section 42 of the *Workers' Compensation Act*. These benefits are applicable to accidents that occurred after January 1, 1990. Workers who suffer a permanent impairment as a result of a workplace injury or occupational disease are entitled to NEL benefits.
2. Workers become eligible for NEL benefits if at maximum medical rehabilitation a permanent impairment is likely. A worker reaches maximum medical rehabilitation when there is unlikely to be any further significant improvement in the worker's medical condition.
3. Permanent impairment means impairment that continues to exist after the worker achieves maximum medical rehabilitation. The percentage of impairment is determined through a medical assessment.
4. The first NEL benefits were awarded in April 1992.

# Pension Awards

## Table 18

**Periodic Pensions and Supplements Awarded During the Year by Percentage of Permanent Disability (1986 - 1995)**

Life and Provisional Periodic Pension Awards	Year of Award																	
	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%
Percent of Disability																		
10.0% or less	6,997	47%	8,379	50%	7,249	51%	11,355	51%	8,774	48%	7,903	51%	5,488	51%	3,312	59%	1,761	60%
10.1 - 20.0%	5,390	36%	5,737	34%	4,802	34%	7,143	34%	6,663	36%	5,773	37%	4,060	38%	1,768	31%	902	31%
20.1 - 50.0%	2,048	14%	2,230	13%	1,856	13%	2,661	13%	2,368	13%	1,616	10%	1,106	10%	499	9%	254	9%
50.1 - 99.9%	254	2%	244	1%	203	1%	263	1%	291	2%	126	1%	77	1%	47	1%	25	1%
100%	143	1%	143	1%	121	1%	156	1%	224	1%	80	1%	37	0%	30	1%	8	0%
<b>Total</b>	<b>14,832</b>	<b>100%</b>	<b>16,733</b>	<b>100%</b>	<b>14,231</b>	<b>100%</b>	<b>21,578</b>	<b>100%</b>	<b>18,320</b>	<b>100%</b>	<b>15,498</b>	<b>100%</b>	<b>10,768</b>	<b>100%</b>	<b>5,656</b>	<b>100%</b>	<b>2,950</b>	<b>100%</b>
Supplements																		
	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%
<b>Total</b>	<b>14,381</b>	<b>100%</b>	<b>17,163</b>	<b>100%</b>	<b>13,173</b>	<b>100%</b>	<b>24,623</b>	<b>100%</b>	<b>26,057</b>	<b>100%</b>	<b>13,901</b>	<b>100%</b>	<b>10,478</b>	<b>100%</b>	<b>5,425</b>	<b>100%</b>	<b>2,988</b>	<b>100%</b>
							Section 147(4)		20,889		8,542		5,394		2,813		1,674	
							Section 147(2)		5,168		5,359		5,084		2,612		1,314	
							Section 147(14)											51,378

### Notes:

1. A substantially higher number of supplements were awarded in 1989 and 1990 as a result of the transitional provisions of section 147 of the *Workers' Compensation Act*.
2. Figures exclude lump sum awards.
3. Starting from 1990, figures exclude reassessments.
4. Figures are not counts of workers receiving pensions and/or supplements. Some pensioners receive more than one award in a year.
5. The lower volume of pension awards in 1988 was the result of a backlog which was processed in early 1989. In combination, the total awards for the two years are consistent with previous levels and the growth in claims volumes over previous years.
6. The reduction in periodic pension awards in 1990 was offset by an increase in the number of workers who elected to receive their pension award as a lump sum.
7. Under Bill 165 which came into effect January 1, 1995, section 147(14) provides an additional payment of up to \$200 per month for the following categories of injured workers: those who receive a supplement to their pension for permanent partial disability under section 147(4) of the *Act*, those whose 147(4) supplement ceased when they turned 65 and became eligible for Old Age Security (OAS) benefits, and those who would have been entitled to a section 147(4) supplement but for their age.

# Table 19

## Periodic Pensions and Supplements Active at the End of the Year by Percentage of Permanent Disability (1986 - 1995)

Life and Provisional Periodic Pension Awards																				
		Year of Award																		
Percent of Disability	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%
10.0% or less	44,198	41%	49,193	42%	53,626	43%	61,706	44%	67,328	45%	70,927	44%	73,928	44%	74,569	43%	74,005	43%	73,885	43%
10.1 - 20.0%	41,729	39%	45,064	39%	47,922	38%	52,558	38%	56,533	37%	61,651	38%	65,393	39%	66,589	39%	66,718	39%	66,376	39%
20.1 - 30.0%	10,979	10%	11,813	10%	12,490	10%	13,686	10%	14,712	10%	15,994	10%	17,176	10%	17,690	10%	17,872	10%	18,045	11%
30.1 - 50%	5,948	6%	6,182	5%	6,417	5%	6,824	5%	7,210	5%	7,729	5%	8,061	5%	8,264	5%	8,362	5%	8,408	5%
50.1% or more	4,010	4%	4,146	4%	4,237	3%	4,408	3%	4,982	3%	4,787	3%	4,893	3%	4,962	3%	4,919	3%	4,916	3%
Total	106,864	100%	116,398	100%	124,692	100%	139,182	100%	150,765	100%	161,088	100%	169,451	100%	172,074	100%	171,876	100%	171,630	100%

Supplements																				
		Year of Award																		
	1986	%	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%
Total	6,784	100%	9,015	100%	6,750	100%	22,976	100%	36,059	100%	40,784	100%	41,634	100%	40,100	100%	35,182	100%	83,244	100%
	Section 147(4)																			
									33,501		35,681		35,926		35,343		31,556		31,246	
	Section 147(2)								2,558		5,103		5,708		4,757		3,626		2,819	
	Section 147(14)																		49,179	

### Notes:

- Figures represent the total number of awards for which the WCB was paying benefits on December 31 of the reference year.
- Starting from 1990, figures exclude reassessments.
- Figures do not represent the number of workers receiving pensions and/or supplements. A small number of pensioners are in receipt of more than one award at December 31 of the reference year.
- Figures exclude lump sum awards.
- Provisional pensions are awarded in certain cases.
- The substantially higher number of supplement awards active in 1989 and after was the result of the transitional provisions of section 147 of the *Workers' Compensation Act*.
- Under Bill 165 which came into effect January 1, 1995, section 147(14) provides an additional payment of up to \$200 per month for the following categories of injured workers: those who receive a supplement to their pension for permanent partial disability under section 147(4) of the Act, those whose 147(4) supplement ceased when they turned 65 and became eligible for Old Age Security (OAS) benefits, and those who would have been entitled to a section 147(4) supplement but for their age.



# Vocational Rehabilitation Activities

## Table 20

**Injured Workers Referred for Vocational Rehabilitation (1986 - 1995)**

	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Injured workers referred	11,365	13,496	13,811	16,051	28,083	37,251	28,704	26,574	20,199	21,022

## Table 21

**Injured Workers Completing Rehabilitation Programs (1986 - 1995)**

Injured Workers Employed with:	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995
Accident employer	2,145	2,001	2,123	3,057	4,865	8,657	10,211	9,577	7,709	8,076
New employer	2,678	2,867	3,099	3,260	2,640	2,148	2,357	2,297	2,356	2,430
Self-employed	328	361	299	346	461	327	373	297	216	175
<b>Total Employed</b>	<b>5,151</b>	<b>5,229</b>	<b>5,521</b>	<b>6,663</b>	<b>7,966</b>	<b>11,132</b>	<b>12,941</b>	<b>12,171</b>	<b>10,281</b>	<b>10,681</b>
Assisted in becoming financially self-sufficient	794	927	977	1,293	917	599	306	141	68	66
<b>Total Rehabilitated</b>	<b>5,945</b>	<b>6,156</b>	<b>6,498</b>	<b>7,956</b>	<b>8,883</b>	<b>11,731</b>	<b>13,247</b>	<b>12,312</b>	<b>10,349</b>	<b>10,747</b>

# Operational Activities

## Table 22

### Statement of Operations and Funding Ratio By Class

Schedule 1 employers are insured through "collective liability" and pay levies based on their assessable payrolls into a general accident fund. For classification purposes, all Schedule 1 industries are categorised into nine classes. Each class is further subdivided by business activity into rate groups.

The table below provides an unaudited Schedule 1 Statement of Operations by class for the period ended December 31, 1995. It also reports each class's funding ratio which is calculated as the ratio of total assets to total liabilities.

For the Year Ended December 31, 1995 (\$ millions)	Forest Products Class A	Mining & Related Industries Class B	Other Primary Industries Class C	Manufac- turing Class D	Transport & Storage Class E	Retail & Wholesale Trades Class F	Construc- tion Class G	Government & Related Services Class H	Other Services Class I
<b>Revenues</b>									
Assessment	61.3	52.6	39.5	992.7	178.3	329.9	322.9	204.7	205.4
Investments	21.4	44.3	12.1	235.4	49.9	63.4	48.9	63.1	38.7
	<b>82.7</b>	<b>96.9</b>	<b>51.6</b>	<b>1,228.1</b>	<b>228.2</b>	<b>393.3</b>	<b>371.8</b>	<b>267.8</b>	<b>244.1</b>
<b>Expenses</b>									
Benefits Expense	63.2	89.0	42.7	818.3	135.5	241.6	353.3	167.4	127.0
Administrative, Legislative Obligations & Other Expenses	12.8	15.7	6.1	162.3	19.8	60.2	56.1	48.3	34.9
	<b>76.0</b>	<b>104.7</b>	<b>48.8</b>	<b>980.6</b>	<b>155.3</b>	<b>301.8</b>	<b>409.4</b>	<b>215.7</b>	<b>161.9</b>
<b>Surplus/(Deficiency)</b>	<b>6.7</b>	<b>(7.8)</b>	<b>2.8</b>	<b>247.5</b>	<b>72.9</b>	<b>91.5</b>	<b>(37.6)</b>	<b>52.1</b>	<b>82.2</b>
<b>Closing Unfunded Liability by Class</b>	<b>523.5</b>	<b>574.1</b>	<b>142.8</b>	<b>3,908.7</b>	<b>575.6</b>	<b>1,041.2</b>	<b>3,057.6</b>	<b>544.2</b>	<b>524.0</b>
<b>Funding Ratio by Class (%)</b>	<b>34.1</b>	<b>48.4</b>	<b>50.8</b>	<b>42.7</b>	<b>51.4</b>	<b>42.3</b>	<b>16.2</b>	<b>58.0</b>	<b>47.4</b>



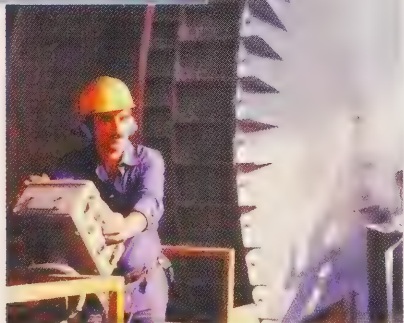
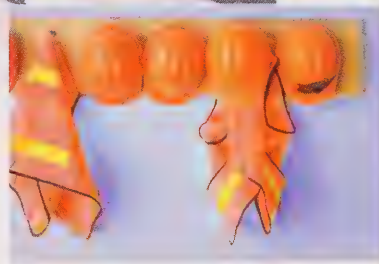
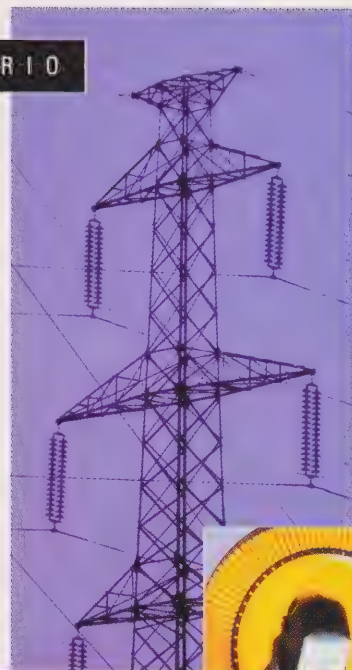
**Workers' Compensation Board**  
**Commission des accidents du travail**





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# WORKERS' COMPENSATION BOARD OF ONTARIO



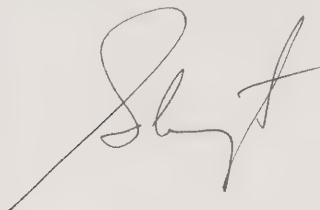
1996  
**Annual Report**





The Honourable Hilary M. Weston, Lieutenant Governor of Ontario.

The Workers' Compensation Board is pleased to submit its annual report of operations for 1996.

A handwritten signature in black ink, appearing to read 'Glen Wright', with a stylized, flowing script.

Glen Wright, Chair

The *1996 Annual Report* was published internally by the Policy and Communications Division of the Ontario Workers' Compensation Board. A *Statistical Supplement to the 1996 Annual Report* is available upon request.

200 Front Street West, 18th Floor  
Toronto ON M5V 3J1  
(416) 344-4200 or toll-free  
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2250A(06/97)  
ISSN 0822-2150

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# Chair's Message

As new Chair of the Workers' Compensation Board of Ontario, I am pleased to report on the progress and achievements of the Board over the past year.

In 1996, the Board's most fundamental challenge has been to retool Ontario's workers' compensation system to meet new economic and social priorities. This has required a renewed focus on restoring the Board's financial health and keen recognition of the Board's preeminent place in Ontario's economy.

In addition, proposed legislation introduced by the government this past year reorients the system towards prevention of workplace injuries and disease, and on return to work. As a result, much of the Board's work this year has focused on preparing for legislative reform and integrating the new prevention mandate into every aspect of the organization.

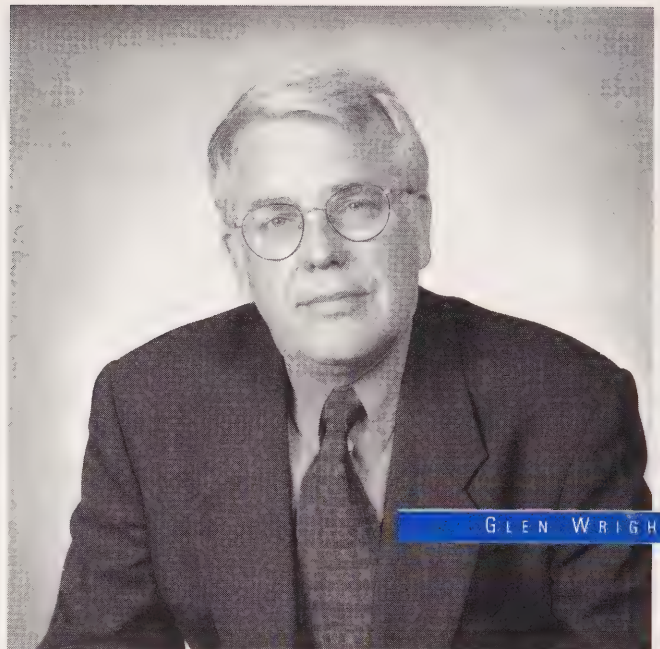
The Board has also taken critical steps to move the system

towards financial sustainability, improve service delivery and restructure the organization to meet the needs of our customers.

Our objectives are anchored in four main policy areas. These include:

- Reducing the frequency of workplace injury and disease through prevention;
- Improving the efficiency, effectiveness and consistency of claims adjudication and claims handling;
- Improving service quality, satisfaction and communication with injured workers and employers;
- Operating a more effective and efficient organization.

To help drive these changes, we have renewed leadership on the Board of Directors. Over the past few months, it has been my privilege to work with these individuals, who are making



GLEN WRIGHT

substantial contributions to the workers' compensation system. Their dedication and hard work are already paying off.

I would like to recognize the following members of the Board of Directors, who helped guide changes through 1996. They are Patrick Dillon, Business Manager of the Provincial Building and Construction Trades Council of Ontario and President of the Ontario Construction Secretariat; Eileen Mercier, President of Finvoy Management Inc.; and Jim Stewart, Executive-in-Residence at the University of Toronto and consultant. John Gardner, the former President of Sun Life Assurance Company of Canada, joined the Board of Directors in April 1997.

The Board of Directors will develop policies for injury and disease prevention, the promotion of health and safety, as well as reforms to the workers' compensation system.

In 1996, we began the process of refocusing the Board, transforming it from a system hampered by cumbersome policies and a disparate assortment of activities, into a more focused and efficient insurance provider. This forms part of a longer-term plan to reengineer the Workers' Compensation Board for the next century.

To support this work, we have been guided by the government's pending legislative reform package, which was designed to put the Board back on firm financial footing. Called the *Workplace Safety and Insurance Act, 1996*, in Bill 99, it emphasizes health and safety as well as disease and injury prevention. It also

reinforces fiscal responsibility and the Board's role as an insurance provider.

This fundamental shift in priorities from compensation to prevention offers Ontario the opportunity to be an attractive place in which to do business, and helps employers and employees to participate in making Ontario workplaces among the safest in the world.

To complement this new direction, the Board of Directors established a vision for the new role of prevention, which targets a 30 per cent reduction in the frequency of injuries by the year 2000.


While we have seen some improvement in the unfunded liability this year, it remains our most difficult challenge. For every dollar of revenue, the Board must allocate thirty cents to pay down the unfunded liability. The financial impact makes Ontario's workers' compensation rates the

highest in Canada and is felt throughout the provincial economy.

Our priority is to continue our efforts to tackle the unfunded liability as part of reestablishing the Board's financial health.

We have made significant progress this year, and the Board will continue to build on this momentum and potential. Most importantly, we will strengthen our efforts to build a viable and affordable workers' compensation system which guarantees injured workers the service they deserve, value and a system which is respected by workers, employers and the people of Ontario.

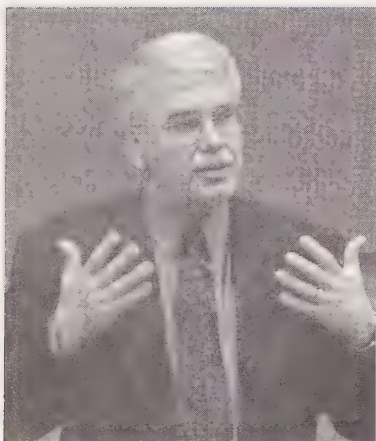
Thank you.

A handwritten signature in black ink, appearing to read 'Glen Wright', with a stylized flourish at the end.

Glen Wright  
Chair



# Board of Directors



**Glen Wright** is Chair of the Board of Directors of the Workers' Compensation Board. Mr. Wright has more than two decades of experience in the health and disability insurance field and is Chair of the consulting firm Wright, Mogg and Associates Ltd. The firm advises clients on pensions, actuarial matters, employee benefits, group disability and health insurance and human resources management.

Before establishing Wright, Mogg and Associates, Mr. Wright worked with Equitable Life of Canada as an insurance underwriter for health, disability and life insurance programs and as a representative for both group insurance and pensions.

In addition, Mr. Wright serves as a Director of Spicer Corporation, a leading developer of imaging software, as well as Gore Mutual Insurance, a property and casualty insurance company. Previously, he was a Director of the Canadian Broadcasting Company.

Mr. Wright was a member of Wilfrid Laurier University's Board of Governors from 1980 to 1990 and was a member of Waterloo City Council from 1980 to 1984.

**Patrick Dillon** is Business Manager of the Provincial Building and Construction Trades Council of Ontario, an umbrella organization representing local unions, bargaining councils and local building trades councils in the construction industry throughout Ontario. He is also President of the Ontario Construction Secretariat.

Mr. Dillon brings a wealth of knowledge and experience to his role in health and safety issues. He took part as a labour representative on the Workplace Health and Safety Agency Review Panel.

He has also served on the Board of Directors of the Hamilton-Burlington United Way and as President of the East Hamilton Optimists.



**John Gardner** served as President of Sun Life Assurance Company of Canada for 10 years prior to his retirement in August 1996, following a career at Sun Life which began in 1961.

Mr. Gardner is a Fellow of the Society of Actuaries and the Canadian Institute of Actuaries and, with his extensive actuarial background, brings a solid understanding of key financial principles of the insurance industry to the Board of Directors.

Mr. Gardner holds numerous directorships of insurance and financial services companies. Active in a wide variety of community groups and organizations, Mr. Gardner served for nine years on the Governing Council of the University of Toronto, six of them as chair of the Business Board. He is a Director of the Sunnybrook Health Science Centre, the Toronto Symphony Orchestra and the Canadian Club of Toronto. *(Photo unavailable.)*



**Eileen Mercier** is President of Finvoy Management Inc., a management consulting firm specializing in financial strategy, restructuring/turnaround and shareholder relations issues.

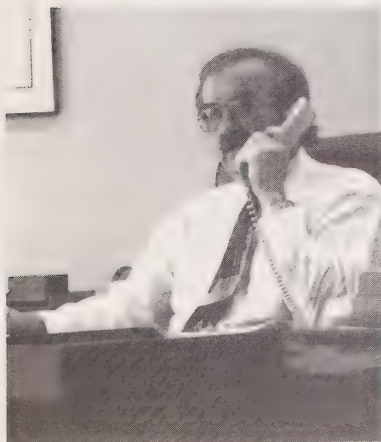
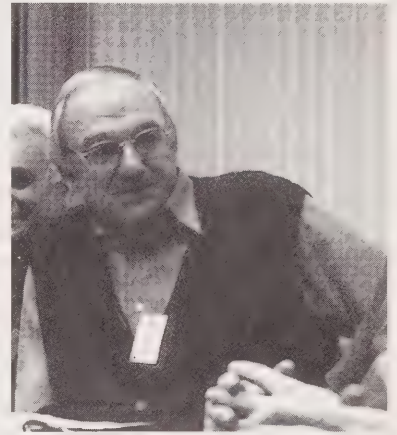
Prior to joining Finvoy, Ms. Mercier was an executive at Abitibi-Price in the role of Senior Vice-President and Chief Financial Officer. Ms. Mercier has 26 years of senior financial, strategic and change management experience.

She has also served as Chair of Wilfrid Laurier University and is currently a member of the Board of Directors of York University, The Toronto Hospital Foundation and several Canadian public companies.

**Jim Stewart** serves as Executive-in-Residence and Adjunct Professor of Strategic Management at the Faculty of Management of the University of Toronto (U. of T.). In this capacity, he is carrying out research and writing on business strategy, management of change, self-management and safety management.

Prior to joining U. of T., Dr. Stewart worked for 30 years with DuPont Canada as a chemical engineer and manager, rising to Senior Vice-President before his retirement in 1991. Dr. Stewart played a key role in ensuring that DuPont maintained an excellent safety record during a major downsizing in the 1980s.

He has consulted on safety management for a variety of companies, including National Rubber, Imperial Oil, Stone Consolidated, the City of Calgary, and others. He has also been active in the Industrial Accident Prevention Association and a number of business-government workplace safety committees.



**Michael J. O'Keefe** is President and Chief Executive Officer of the Workers' Compensation Board. Prior to his appointment, he held the position of Executive Vice-President and Chief Operating Officer of the Toronto Hospital Corporation.

Mr. O'Keefe has also served in senior executive positions at the Ottawa Civic Hospital, the York-Finch General Hospital, the Ontario Ministry of Health and Humber Memorial Hospital.

He is a Surveyor with the Canadian Council on Health Services Accreditation, in addition to serving on a number of national and provincial health association committees.

Mr. O'Keefe received a Bachelor of Commerce degree at St. Mary's University and a Diploma in Hospital Administration from the University of Toronto. He currently holds a faculty appointment at the University of Toronto.



# President's Message

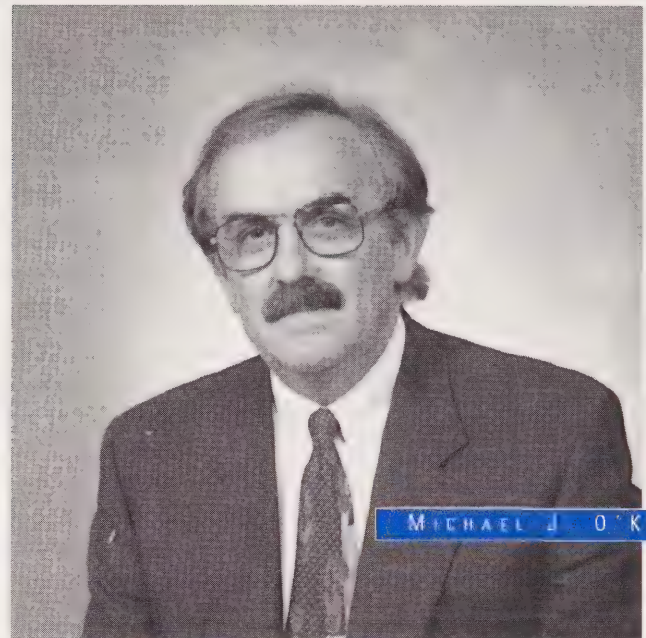
The year 1996 brought significant change and activity to the Workers' Compensation Board as management and staff moved forward on a number of dynamic initiatives to introduce fiscal and administrative order to our operations. It has been an exciting challenge to streamline internal functions, optimize communications, and improve customer service for employers and injured workers.

The Board also began to lay the foundations to implement new legislation that puts prevention of workplace injuries and disease as its number one priority. These efforts to enhance health and safety programs will benefit all Ontarians now and in the future.

For these reasons, I believe 1996 will be seen as a turning point in the development of Ontario's Workers' Compensation Board.

During the past year, the WCB saw improved financial performance in terms of investment revenue and a reduction in the unfunded liability. The unfunded liability was \$10.5 billion at the end of 1996 as compared to \$10.9 billion in 1995, a reduction of \$432 million. Net income in 1996 was \$432 million, \$78 million less than in 1995. The decline was due largely to higher long-term benefits expense. Short-term disability and rehabilitation expenses were lower in 1996, however, as a result of a reduction in the number of work-related injuries and shorter duration of claims.

Investment revenue grew to \$711 million, up from \$593 million in 1995. Stellar performance by Canadian and U.S. equity markets over the past two years has



contributed to these significant market gains. The market value of investments at the end of the fiscal year was \$8.6 billion, compared to \$7.3 billion in the previous year.

As a result of management initiatives to control spending, administrative expenses were reduced by \$18 million in 1996. Legislated expenses also decreased by \$15 million.

These results clearly demonstrate that the WCB is working towards financial sustainability. The elimination of the unfunded liability remains a priority for the Board as we attempt to ensure the long-term viability of the system. Any threat to the financial sustainability of

the system puts most at risk those it is intended to help.

Another building block in workers' compensation reform is the new commitment to prevention. In November 1996, the Minister of Labour introduced Bill 99, which would refocus the workers' compensation system on injury and disease prevention, and return to work. This proposed legislation combines prevention, return to work, and compensation into a cohesive, well-coordinated system.

Because the Board's mandate would be changed to emphasize prevention, the Board is changing the way it does business. Our organizational blueprint has been redrawn to restructure the organization to focus more effectively on our core business and be more responsive to the people we serve.

To begin this transformation, the Board engaged the consulting firm of KPMG to undertake a six-month organizational review. Management has begun to implement these recommendations

to build a new internal administrative structure.

The system is also benefiting from the Board's new commitment to improvement in customer service – a key ingredient in ensuring that the needs of both employers and employees are met in an efficient and cost-effective way. The Board is taking measures to refocus operations on service delivery and establish mechanisms that will ensure high-quality and efficient communications with all clients.

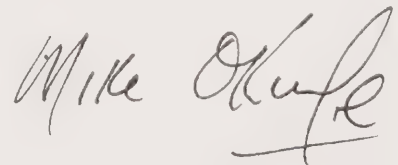
These are important first steps in renewing Ontario's workers' compensation system. It is important to recognize the guidance and support we have received from the Chair and the Board of Directors. We are privileged to have the opportunity to work with this group of people, who bring wisdom and experience from core areas such as health and safety, finance, insurance and labour.

I also want to highlight key executive appointments made in 1996. These include John Quince,

Vice-President, Operations; Clay Appleton, Vice-President, Human Resources; and Dr. Linn Holness, Chief Medical Officer. All three bring new expertise, experience and commitment to the organization.

The Board's management and staff are also to be commended for contributing greatly to reaching our new goals within a changing environment. Our staff are committed to making the system better for injured workers and employers.

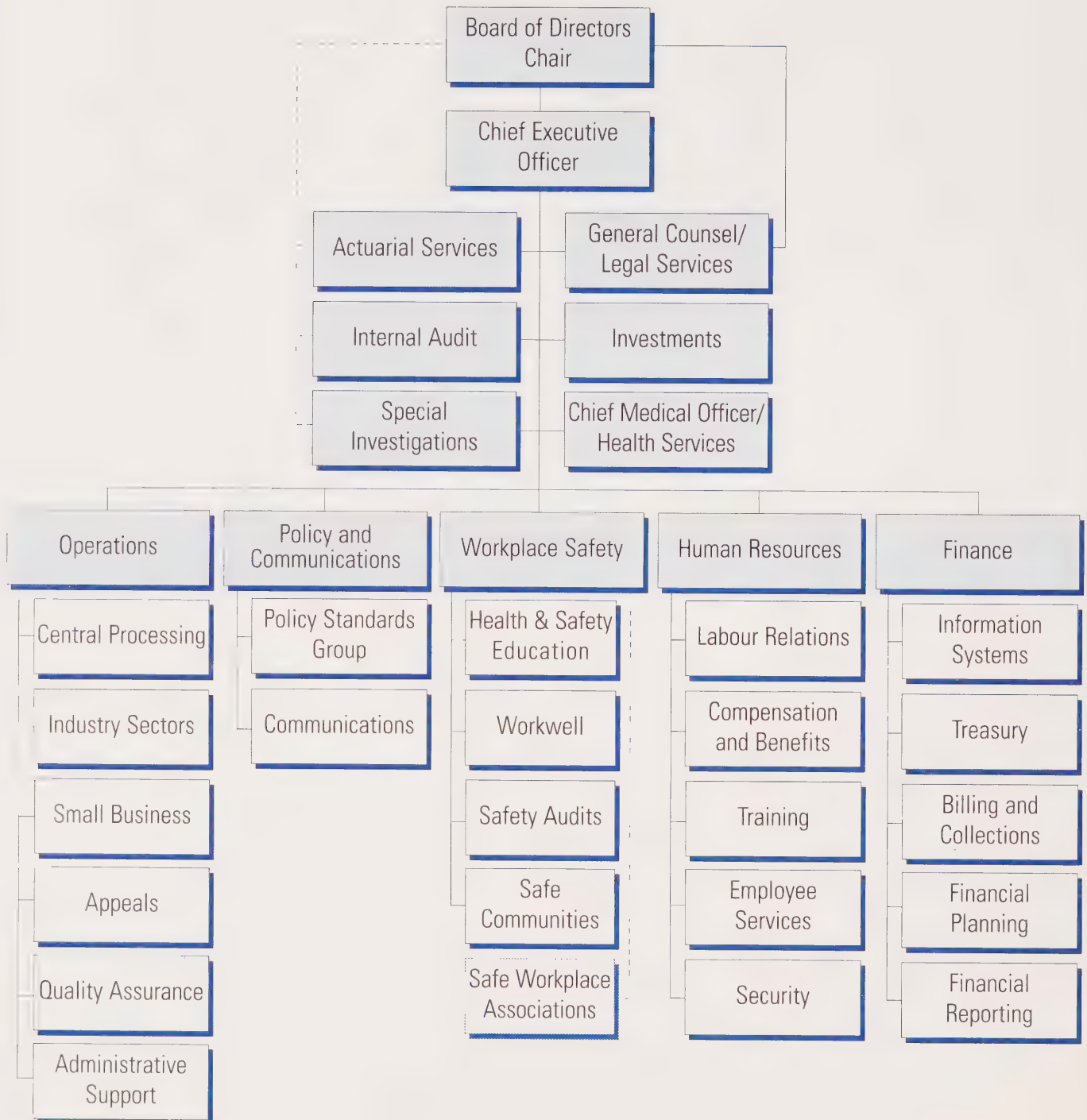
We must all work together if we are to achieve our goal of having a viable insurance plan for workplace injuries and disease that can deliver secure and fair benefits at a cost that is competitive with other jurisdictions in North America.



Michael J. O'Keefe  
President  
and Chief Executive Officer



# Organizational Chart



# Management Discussion and Analysis

## Introduction

The WCB was created in 1914 under the *Workers' Compensation Act* (the *Act*) with the mandate to administer the *Act* for the workplace parties, which include two groups of employers and their workers. The employer groups are Schedule 1 employers, who are insured through "collective liability", and Schedule 2 employers, who are "self-insurers" and are individually liable for the cost of their claims and related administrative expenses. WCB coverage of Ontario-employed workers continues to stand at approximately 70 per cent.

The WCB derives its revenue from levies based on the assessable payrolls of Schedule 1 employers and reimbursements from Schedule 2 employers. In addition, investment revenue is earned from a diversified investment portfolio held as reserve to meet future obligations on existing claims. The WCB does not receive any funding from the government.

The major expense incurred by the WCB is benefits expense, which arises from claims related to injuries that occurred in the course of employment or from contracting an occupational disease. Expenses also include administrative and other expenses which are incurred by the WCB in the course of managing its various functions and responsibilities under the *Act*, as well as payments to meet legislated obligations as directed by the *Act*.

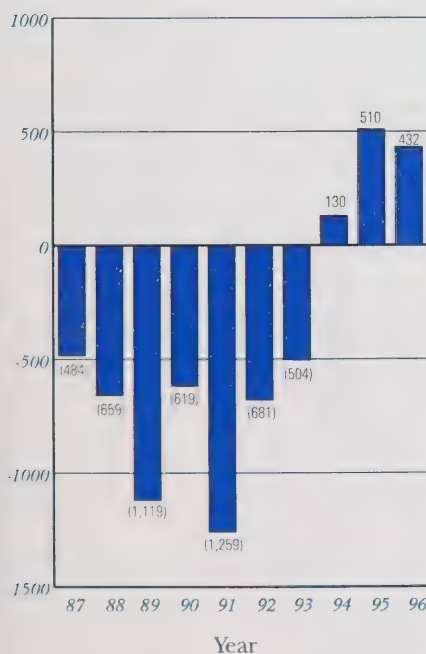
## Operational Summary

Net income from operations for 1996 was \$432 million, 15.3 per cent or \$78 million below the 1995 net income of \$510 million. The decrease in net income from operations was attributable to higher benefits expense, which increased by \$186 million, and lower assessment revenue, which decreased by \$43 million. The reduction in net income due to these factors was partially offset

(\$ millions)

	1996	1995	Increase/ (Decrease) %
<b>Revenues</b>			
Assessment	\$ 2,610	\$ 2,653	(1.6)
Investment	711	593	19.9
	3,321	3,246	2.3
<b>Expenses</b>			
Benefits	2,470	2,284	8.1
Administration	321	339	(5.3)
Legislated obligations	98	113	(13.3)
	2,889	2,736	5.6
<b>Net Income from Operations</b>	\$ 432	\$ 510	(15.3)

## Net Income (Loss) from Operations Ten-Year Summary



by a \$118 million increase in investment revenue, achieved primarily as a result of the strong performance of equity markets, and by a combined \$33 million reduction in administrative, legislated and other expenses. The year 1996 was the third consecutive year in which the WCB has posted positive net income.

Total WCB revenue increased by \$75 million or 2.3 per cent in 1996. The increase in investment revenue more than offset the decline in assessment revenue, which occurred primarily due to a higher provision for experience rating net refunds and lower reimbursements from self-insurers resulting from lower claim costs.

WCB expenses were up from last year's level due to higher benefits expense, which was partially compensated by decreases in expenses related to administration and legislated obligations.

Benefits expense, including the increase in the provision for the Injured Workers' Retirement Fund, increased by 8.1 per cent to \$2,470 million due to higher long-term benefit expenses. However, short-term disability and rehabilitation expenses decreased in 1996 due to fewer lost-time injuries sustained by workers and shorter duration of claims.

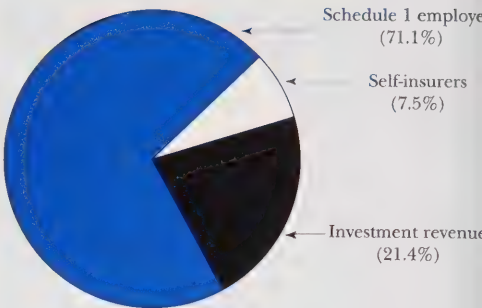
Efforts to reduce administration costs resulted in an \$18 million or 5.3 per cent administrative cost reduction. Expenses related to legislated obligations also decreased by \$15 million or 13.3 per cent in 1996.

### Unfunded Liability

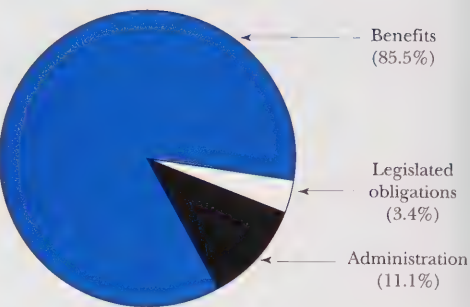
Total assets increased by \$623 million or 8.6 per cent to \$7.9 billion, while total liabilities also increased, but at a slower rate, to \$18.3 billion. The unfunded liability after application of net income from operations stood at \$10.5 billion at December 31, 1996, \$432 million less than the previous year. The funding ratio reached 42.9 per cent and surpassed the previous ten-year high of 40.8 per cent, reached in 1990.

The reduction in the unfunded liability is explained as follows through an actuarial reconciliation of the unfunded liability position. The reconciliation highlights the factors that influenced the change in the funded position. These factors include revised WCB policies and adjudication practices, changes to the actuarial methods, investment results, and variations in experience from expected results.

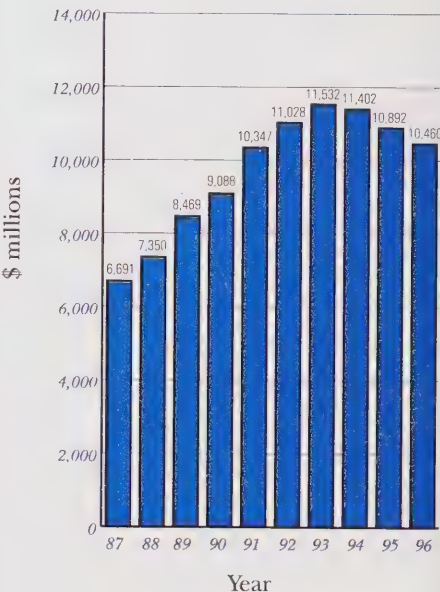
### Revenue – Where the money comes from



### Expenses – Where the money goes



### Unfunded Liability Ten-Year Summary



The major factors affecting the reduction in the unfunded liability in 1996 were:

(\$ millions)

	1996
Unfunded liability, beginning of year	\$ 10,892
Expected interest on the unfunded liability	776
Amortization payment for current year	(693)
Changes in actuarial valuation methods and assumptions	30
Experience (gains) losses resulting from:	
Indexation and interest rates	(560)
Prior years' claims experience and other sources	479
Current year's claims experience	(464)
Unfunded liability, end of year	\$ 10,460

### Assessment Revenue

Assessment revenue decreased by \$43 million or 1.6 per cent compared with 1995, primarily due to a higher provision for experience rating net refunds and lower reimbursements from self-insurers.

(\$ millions)

	1996	1995	Increase/ (Decrease) %
<b>Schedule 1</b>			
Gross assessments	\$ 2,713	\$ 2,712	-
Experience rating net refunds	(297)	(247)	20.2
Interest and penalties	44	86	(48.8)
Bad debts	(98)	(164)	(40.2)
	2,362	2,387	(1.0)
<b>Self-insurers</b>	248	266	(6.8)
<b>Assessment Revenue</b>	\$ 2,610	\$ 2,653	(1.6)

In 1996, all sectors of the Ontario economy grew, with the exception of some primary industries and the government and related services sector. Provincial labour income increased by 3.1 per cent compared with 1995 due to increases in both the industrial aggregate employment and the average weekly earnings, which rose by 0.6 per cent and 2.5 per cent respectively. Employment and wage gains within the industries covered by the WCB increased, however, at lower rates.

As a result of the economic growth, Schedule 1 assessable payrolls increased by \$779 million or 0.9 per cent from last year's level, to \$86,844 million. Gross assessments, however, did not increase due to a shift of revenue from higher assessment rate industries to lower ones.



Experience rating net refunds increased by \$50 million or 20.2 per cent and Schedule 2 reimbursements declined by \$18 million or 6.8 per cent, as a result of fewer accidents sustained by workers. In 1996, the number of registered claims declined by 26,231 from last year's level, to 345,606, a reduction of 7.1 per cent.

Revenue from interest and penalties was down by \$42 million or 48.8 per cent compared with 1995 due to a change in the billing patterns, which significantly improved the reporting and frequency of assessment receipts. The latter, together with improved collections, contributed to the reduction of bad debt expense, which decreased by \$66 million or 40.2 per cent.

## Benefits

Benefits expense is an actuarial estimate of the costs related to reported and unreported compensable injuries occurring in the year, together with adjustments to the estimates of previous years.

The present value of estimated future benefit payments constitutes the benefits liability and represents the WCB's obligation in relation to current and prior years' injuries.

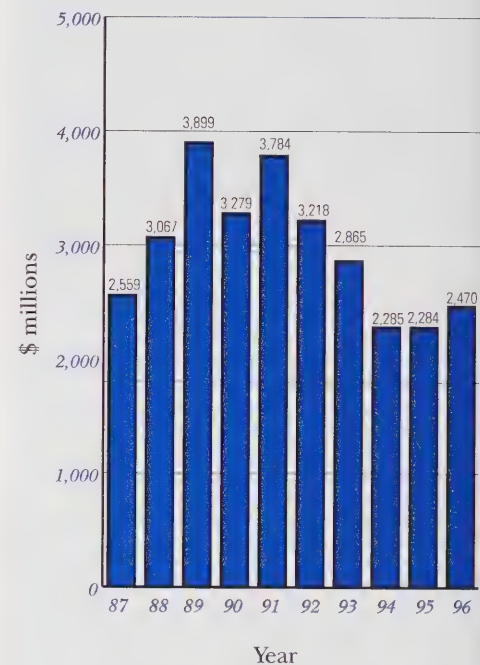
Both benefits liability and benefits expense are affected by various factors, such as changes in legislation, adjudication policies and practices, effectiveness of rehabilitation programs and economic conditions.

The net change in the benefits liability in 1996 and 1995 was as follows:

(\$ millions)	1996	1995
Benefits expense	\$ 2,421	\$ 2,235
Benefits paid	(2,371)	(2,385)
Net increase (decrease) in benefits liability	50	(150)
Benefits liability, January 1	17,375	17,525
Benefits liability, December 31	\$17,425	\$17,375

Benefits expense, excluding transfers to the Injured Workers' Retirement Fund, was \$2,421 million, \$186 million higher than in 1995. A substantial portion of the increase was due to an increase in long-term disability expenses partially offset by a reduction in short-term disability and rehabilitation expenses as a result of fewer compensable injuries sustained by workers and shorter duration of claims in 1996.

**Benefits Expense**  
**Ten-Year Summary**



Lost-time injuries reported in 1996 decreased by 12.1 per cent compared with 1995. As shown in the table below, reported lost-time injuries decreased in all industry classes, with the manufacturing sector achieving the most significant improvement.

	<i>Lost-Time Injuries Reported (thousands)</i>		<i>Decrease %</i>
	<i>1996</i>	<i>1995</i>	
Forestry, mining & other primary	4.2	4.8	12.5
Manufacturing	38.8	46.4	16.4
Transportation	8.3	8.8	5.7
Retail & wholesale trade	20.2	22.1	8.6
Construction	6.4	6.9	7.2
Government related	14.1	16.5	14.5
Other Schedule 1 sectors	15.6	17.4	10.3
Schedule 2	18.9	21.0	10.0
	126.5	143.9	12.1

Benefits paid in the year were \$2,371 million, \$14 million less than in 1995. Payment of short-term disability and rehabilitation costs decreased by \$120 million in 1996 compared with last year. This more than offset both the increase in long-term disability payments, which were up by \$56 million due to higher future economic loss and non-economic loss awards, and the retroactive health care payment made to the Ministry of Health early in 1996. Lower short-term disability and rehabilitation payments resulted primarily from fewer injuries sustained by workers. Improved case management and early return-to-work programs continued to be important factors in controlling the growth of benefit payments.

### ***Administrative and Other Expenses***

Administrative and other expenses were \$321 million, \$18 million or 5.3 per cent lower than in 1995. Lower expenses in salaries and other administrative costs were achieved as a result of continued management efforts to streamline administration and to refocus resources on improved service delivery.

Included in administrative and other expenses was a \$21 million provision for early retirement and restructuring costs. These initiatives will further reduce administrative expenses in future years.

WCB staff at December 31, 1996 totalled 4,373 employees, reflecting a decline of 4.9 per cent compared with last year's staff level.

## Legislated Obligations

The WCB is obligated by legislation to fund the administration of agencies such as the Workplace Health and Safety Agency (WHSA), which supports the operation of occupational health clinics for Ontario workers, training centres and safe workplace associations; as well as the programs of the *Occupational Health and Safety Agency Act*, the Workers' Compensation Appeals Tribunal, the Office of the Worker Adviser, the Office of the Employer Adviser, Mine Rescue Stations, and the Occupational Disease Panel (formerly the Industrial Disease Standards Panel). The amount of funding requested by these agencies is approved by the Minister of Labour.

The 1996 expense related to these legislated obligations was \$98 million, a decrease of \$15 million or 13.3 per cent from 1995. This decrease was related to lower WHSA expenditures.

## Investments

The WCB Investment Fund was established to provide a reserve to fund future benefit payments in respect of sustained injuries. It comprises investments together with certain money market instruments classified as cash equivalents. Cash receipts from assessments in excess of benefits, administrative and legislated cash payments, and after allowing for a minimum operational cash level, are transferred to the Fund and invested to provide for future benefit payments.

In 1996, there was a \$45 million transfer from operations to the Investment Fund. This is the first transfer to the Investment Fund since 1990. Between 1991 and 1995, \$1.4 billion was transferred from the Investment Fund to the general operations of the WCB to fund operational requirements.

The Investment Fund's long-term target is to achieve a return of at least 3 per cent above the rate of inflation. Strong Canadian and U.S. equity markets, combined with a good performance of the Canadian bond market, resulted in the Fund achieving a rate of return of 16.6 per cent in 1996.

The actual annualized returns on the Investment Fund, as reported by an independent measurement service, for the three, five and ten years ended December 31, 1996 were as follows:

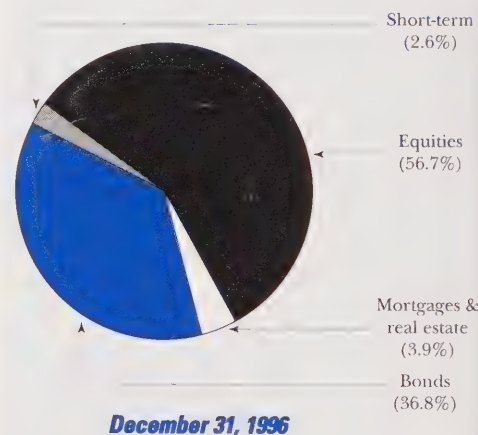
(Per cent)

	Three Years	Five Years	Ten Years
Investment Fund return	10.7	11.8	10.8
Return above inflation	9.3	10.2	7.8

The market value of assets in the Investment Fund increased by \$1.3 billion to \$8.7 billion as a result of reinvested investment income and the effect of improved capital markets. The asset mix of the Investment Fund, based on these market values, was as shown in the adjacent chart.

As interest rates declined to historical lows and the equity markets surged to record highs, the investment asset mix strategy for 1996 concentrated on reducing the overall weight of fixed income investments in favour of equity investments.

## Asset Mix – Investment Fund



# Balance Sheet

December 31, 1996

(\$ millions)

	1996	1995
<b>Assets</b>		
Cash and cash equivalents	\$ 92	\$ 426
Receivables	238	123
Investments (note 3)	7,124	6,330
Injured Workers' Retirement Fund (note 4)	173	124
Capital assets (note 5)	196	198
Other assets	49	48
	<b>\$ 7,872</b>	<b>\$ 7,249</b>
<b>Liabilities</b>		
Payables and accruals	\$ 583	\$ 499
Deposits	76	68
Mortgage payable (note 6)	75	75
Injured Workers' Retirement Fund (note 4)	173	124
Benefits liability (note 7)	17,425	17,375
	<b>18,332</b>	<b>18,141</b>
<b>Unfunded Liability</b>	<b>(10,460)</b>	<b>(10,892)</b>
	<b>\$ 7,872</b>	<b>\$ 7,249</b>

On behalf of the Board of Directors:

  
Glen Wright, Chair  
Director

  
Michael J. O'Keefe, President and CEO  
Director

The accompanying notes form an integral part of the financial statements.



# Statement of Operations and Unfunded Liability

For the Year Ended December 31, 1996

(\$ millions)

	1996	1995
<b>Revenues</b>		
Assessment		
- Current	\$ 1,917	\$ 1,953
- Unfunded liability	693	700
Investment (note 3)	711	593
	3,321	3,246
<b>Expenses</b>		
Benefits (note 7)		
- Long-term disability	1,371	1,103
- Rehabilitation	399	456
- Short-term disability	226	326
- Health care	279	214
- Survivor benefits	146	136
	2,421	2,235
Net increase in the Injured Workers'		
Retirement Fund (note 4)	49	49
Administrative and other (note 8)	321	339
Legislated obligations (note 9)	98	113
	2,889	2,736
<b>Net Income from Operations</b>	432	510
<b>Unfunded Liability</b> , beginning of year	10,892	11,402
<b>Unfunded Liability</b> , end of year	\$ 10,460	\$ 10,892

The accompanying notes form an integral part of the financial statements.

# Statement of Cash Flows

For the Year Ended December 31, 1996

(\$ millions)

	1996	1995
<b>Cash Flows from Operating Activities</b>		
Cash received from:		
Employers, for assessments	\$ 2,574	\$ 2,718
Investments	267	265
	2,841	2,983
Cash paid to:		
Claimants, survivors and care providers	(2,371)	(2,385)
Injured Workers' Retirement Fund	(49)	(49)
Employees and suppliers for administrative goods and services	(291)	(306)
Others under legislated obligations	(98)	(113)
	(2,809)	(2,853)
<b>Net cash provided by operating activities</b>	32	130
<b>Cash Flows from Investing Activities</b>		
Cash received from:		
Sales and maturities of investments	6,121	2,848
Net sales of short-term securities	79	1
	6,200	2,849
Cash paid for:		
Purchases of investments	(6,549)	(3,315)
Net purchases of capital assets	(17)	(88)
	(6,566)	(3,403)
<b>Net cash used by investing activities</b>	(366)	(554)
<b>Decrease in Cash and Cash Equivalents</b>	(334)	(424)
<b>Cash and Cash Equivalents, beginning of year</b>	426	850
<b>Cash and Cash Equivalents, end of year</b>	\$ 92	\$ 426

The accompanying notes form an integral part of the financial statements.

# Notes to the Financial Statements

December 31, 1996

## 1. Nature of Operations

The Workers' Compensation Board (WCB) is a Crown Agency created by an Act of the Ontario Legislature in 1914. It is responsible for administering the *Workers' Compensation Act* and Regulations of Ontario (the *Act*), R.S.O. 1990.

The WCB administers the *Act* for two groups of employers referred to as Schedules 1 and 2. Schedule 1 relates to industries in which the employers are insured through "collective liability" and are required to contribute to the WCB's Accident Fund. Schedule 2 relates to employers who are "self-insured", in that they are individually liable. The federal government, which is covered under a separate agreement with Human Resources Development Canada, is also treated as a Schedule 2 employer. The WCB pays the actual cost of claims for workers of self-insurers and is reimbursed by those employers for the claims paid, as well as for the cost of administering the claims.

The WCB does not receive government funding or other assistance and raises funds through assessments on the payrolls of Schedule 1 employers covered under the *Act*, in order to provide compensation to workers or survivors of the workers who are injured in the course of employment or who contract an occupational disease.

## 2. Significant Accounting Policies

The financial statements have been prepared in accordance with generally accepted accounting principles. The significant accounting policies are summarized as follows:

### Cash and cash equivalents

Cash and cash equivalents are funds consisting of cash and money market instruments with maturities up to three months.

### Investments

#### a) Bonds, coupons and mortgages

Bonds, coupons and mortgages are carried at amortized cost. In the case of mortgages, amortized cost is adjusted for principal repayments. Realized gains and losses on the sale of bonds, coupons and mortgages are deferred and amortized over the lesser of 20 years or the period to maturity of the security sold.

#### b) Equities and real estate

Equities and real estate are carried at cost adjusted towards market value, using a five-year moving average market method. Realized gains and losses are deferred and amortized over a five-year period.

#### c) Short-term securities

Short-term securities consist of money market instruments with maturities between three and twelve months and are carried at amortized cost. Gains and losses from sales are included in income in the year they occur.

#### d) Foreign currency translation

Transactions in investments denominated in foreign currencies are translated into Canadian dollars at the exchange rate in effect at the time of the transaction. These investments are translated to Canadian dollars at the exchange rate in effect at the balance sheet date.

### Injured Workers' Retirement Fund

Investments held in the Injured Workers' Retirement Fund are carried at market value. Changes in market fluctuations are taken into income in the year they occur or are realized.

### Capital assets and depreciation

Capital assets are stated at cost. Capital assets, except for land, are depreciated using the straight-line method at rates calculated to expense the cost of assets over their estimated useful lives or, in the case of buildings and equipment over 20 years and 5 years respectively. Buildings are carried at cost and include development, financing and other costs capitalized prior to becoming fully operational, at which time depreciation commences.

### Assessment revenue

Assessment revenue is determined on the basis of estimated and actual payrolls for employers included in Schedule 1 of the *Act*, adjusted for claim experience where relevant. Assessment rates include a component that contributes towards the reduction of the unfunded liability.

Included in assessment revenue are reimbursements by self-insurers for claims paid, as well as for the cost of administering the claims.

### Benefits liability

The benefits liability is determined annually through an actuarial valuation and represents a provision for future payments relating to incurred claims which occurred on or before December 31. The provision has been obtained by estimating future benefit payments in accordance with the legislation in force and adjudication practices in effect at December 31, 1996.

The benefits liability does not include any provision for payment of claims relating to self-insurers, as they are a liability of the self-insurers.

Provision has not been made for future administration costs of incurred claims. Similarly, provision has not been made for the cost of claims for occupational diseases, or for the cost of existing claims for diseases and injuries that are not currently considered to be work-related, but may in the future be considered to be work-related.

## 3. Investments and Investment Revenue

(\$ millions)

		1996		1995	
		Carrying Value	Market Value	Carrying Value	Market Value
<b>Fixed Income Securities</b>					
Bonds	- Government	\$ 1,721	\$ 1,847	\$ 1,432	\$ 1,504
	- Corporate	146	192	379	423
Coupons		801	1,165	1,273	1,602
Mortgages		83	85	148	151
		2,751	3,289	3,232	3,680
<b>Equities</b>					
Domestic		1,964	2,421	1,073	1,217
Foreign	- U.S.	911	1,166	643	852
	- Global	1,077	1,352	932	1,130
		3,952	4,939	2,648	3,199
<b>Real Estate</b>					
		281	256	306	272
<b>Short-term Securities</b>					
Money market instruments		76	76	100	100
Accrued investment income		64	64	44	44
		\$ 7,124	\$ 8,624	\$ 6,330	\$ 7,295



The carrying value of investments comprises investments at cost of \$7,541 million (1995: \$6,595 million) including accrued investment income, plus adjustments towards market value of \$252 million (1995: \$161 million), less unamortized net gains realized on the sale of investments of \$669 million (1995: \$426 million).

The WCB engages in a securities lending program whereby securities are loaned to borrowers, approved by the Investment Fund's custodian, for a fee, against high quality collateral. At December 31, 1996, the market value of securities on loan was \$238 million (1995: \$571 million).

Foreign investments are exposed to currency risk. Derivative instruments are used for the sole purpose of hedging foreign currency transactions to better manage and reduce currency risk. The notional amount of foreign currency contracts hedging investments in foreign currencies totalled \$115 million at December 31, 1996 (1995: \$102 million). Their related market value at year-end was \$117 million (1995: \$103 million). The contracts mature in January 1997, with the exception of a \$4 million contract that expires in March 1997.

Revenue by category of investment is as follows:

(\$ millions)

	1996	1995
Bonds	\$ 153	\$ 129
Coupons	120	145
Equities	407	248
Mortgages	8	10
Short-term securities	21	54
	709	586
Injured Workers' Retirement Fund	12	15
Investment expenses	(10)	(8)
Investment revenue	\$ 711	\$ 593

In 1996, \$341 million (1995: \$177 million) of realized and unrealized net gains were amortized to investment revenue.

#### 4. Injured Workers' Retirement Fund

Under section 44 of the *Act*, the WCB sets aside funds equal to 10 per cent of every payment made to injured workers under section 43 of the *Act*. In accordance with the provisions of the *Act*, these funds are segregated from the WCB's Accident Fund and are invested to provide for retirement payments to injured workers.

In 1996, the net increase in the Injured Workers' Retirement Fund was \$49 million (1995: \$49 million). This net increase resulted from funds set aside pursuant to section 44 of the *Act* in the amount of \$40 million (1995: \$36 million) together with \$12 million (1995: \$15 million) earned on its investments, less \$3 million (1995: \$2 million) paid as retirement pensions.

The market value of investments at December 31 is as follows:

(\$ millions)

	1996	1995
Bonds	\$ 142	\$ 50
Coupons	19	29
Money market instruments	9	43
Accrued investment income	3	2
	\$ 173	\$ 124

#### 5. Capital Assets

(\$ millions)

	1996		1995
	Cost	Net Book Value	Net Book Value
Land	\$ -	\$ -	\$ 7
Buildings and leasehold improvements	198	176	161
Equipment	101	20	30
	\$ 299	\$ 196	\$ 198

Depreciation expense in 1996 was \$19 million (1995: \$13 million).

#### 6. Mortgage Payable

The WCB is a 75% participant in the co-ownership agreement of its head office building. To partially fund the development and construction of the building, the WCB entered into a long-term mortgage loan agreement in 1993. The mortgage loan is secured by the building and matures in the year 2015. The interest rate is fixed at 10.25 per cent per annum, compounded semi-annually.

## 7. Benefits Liability and Benefits Expense

Benefits liability represents a provision for actuarially determined future benefit payments relating to incurred claims which were discounted to present value at the real interest rate of three per cent.

Estimates of future benefit payments refer to both reported and unreported claims which had arisen from work-related accidents that occurred on or before December 31, 1996 and were based on the level and nature of entitlements, as prescribed by legislation, and on adjudication practices in effect at December 31, 1996.

The benefits liability was determined using accepted actuarial practices in accordance to the standards established by the Canadian Institute of Actuaries.

The actuarial present value of future benefit payments reflects management's long-term estimates of economic and actuarial assumptions and methods, which were based upon past experience, modified for current trends.

As these assumptions may change over time to reflect underlying conditions, it is possible that such changes could cause a material change in the actuarial present value of future benefit payments.

The following key long-term economic assumptions were used in the actuarial valuation of the benefits liability:

	1996	1995
Inflation rate	4%	4%
Net investment return		
Fully indexed	3%	3%
Partially indexed	5%	5%
Rate of indexation of benefits		
Fully indexed	4%	4%
Partially indexed	2%	2%
Wage and health care costs escalation rate	5%	5%

Mortality was estimated based on the WCB's mortality experience for injured workers and on the projected Ontario Life Tables for survivors of deceased workers. Full provision has been made for the effect of future increases in the covered earnings ceiling and indexation of benefits.

Management believes the amount provided for future payments of incurred claims to be adequate. Long-term economic and actuarial assumptions and methods are reviewed annually at December 31 of each year, when independent actuarial evaluations are performed. Adjustments, if any, resulting from the continuous review of entitlements, experience, or from changes in legislation, assumptions or methods, are recorded under benefits expense when such adjustments become known, together with the actuarial cost of claims for reported and unreported work-related accidents that occurred in the year.

Benefits liability, benefits expense and benefits paid in 1996 were as follows:

(\$ millions)

	1996					1995	
	Long-term Disability	Rehabil- itation	Short-term Disability	Health Care	Survivor Benefits	Total	Total
<b>Benefits Liability,</b>							
beginning of year	\$ 13,350	\$ 1,086	\$ 561	\$ 1,127	\$ 1,251	\$ 17,375	\$ 17,525
<b>Benefits Expense,</b>							
for the year	1,371	399	226	279	146	2,421	2,235
	14,721	1,485	787	1,406	1,397	19,796	19,760
<b>Benefits Paid,</b>							
during the year							
- Schedule 1	(1,190)	(359)	(242)	(273)	(87)	(2,151)	(2,154)
- Self-insurers	(113)	(27)	(43)	(24)	(10)	(217)	(229)
- Injured Workers' Retirement Fund	(3)	-	-	-	-	(3)	(2)
	(1,306)	(386)	(285)	(297)	(97)	(2,371)	(2,385)
<b>Benefits Liability,</b>							
end of year	\$ 13,415	\$ 1,099	\$ 502	\$ 1,109	\$ 1,300	\$ 17,425	\$ 17,375

Benefits paid include the following:

(\$ millions)

	Schedule 1		Self-insurers	
	1996	1995	1996	1995
<b>Long-term Disability</b>				
- Worker pensions	\$ 592	\$ 594	\$ 66	\$ 66
- Supplements	256	253	19	20
- Future economic loss	229	191	15	11
- Non-economic loss	113	100	13	12
	1,190	1,138	113	109
<b>Rehabilitation</b>	359	397	27	29
<b>Short-term Disability</b>	242	312	43	53
<b>Health Care</b>				
- Health care	253	197	21	25
- Medical reports	20	22	3	3
	273	219	24	28
<b>Survivor Benefits</b>	87	88	10	10
	\$ 2,151	\$ 2,154	\$ 217	\$ 229

## 8. Administrative and Other Expenses

Administrative and other expenses consist of the following:

(\$ millions)

	1996	1995
Salaries and employee benefits	\$ 217	\$ 226
Equipment depreciation and maintenance	22	22
Occupancy	25	28
Communication	11	12
Supplies and services	10	11
Miscellaneous	10	14
Travel and vehicle maintenance	4	4
	299	317
Restructuring	21	21
Farm Safety Association	1	1
	\$ 321	\$ 339

## 9. Related Party Transactions

Legislated obligations

The WCB is required to reimburse the Government of Ontario for the administrative cost of the *Occupational Health and Safety Act*. The WCB is also required by the *Workers' Compensation Act* to fund the operating costs of the Workers' Compensation Appeals Tribunal, the Offices of the Worker and Employer Adviser, the Occupational Disease Panel, the Workplace Health and Safety Agency (WHSA) and the mine rescue stations. The amounts of reimbursements and funding are determined and approved by the Minister of Labour and, in certain instances, the WCB is directed by the Lieutenant Governor, through Orders in Council, to make those payments. The total amount of funding provided under these legislated obligations in 1996 was \$98 million (1995: \$113 million).

### Institute for Work and Health

The WCB also provides funding for the Institute for Work and Health. The funding provided in 1996 was \$5 million (1995: \$5 million). These expenses are included in administrative and other expenses.

### Investments

Included in investments are marketable fixed income securities issued by the Ontario provincial government and related corporations for \$417 million (1995: \$442 million).

### Other

In addition to the legislated obligations, accident prevention expenses and funding for the Institute for Work and Health referred to above, the financial statements include amounts resulting from transactions conducted in the normal course of operations, with various Ontario government-controlled ministries, agencies, and Crown corporations with which the WCB may be considered related. Such transactions are conducted on terms and conditions similar to those transactions with unrelated parties. Account balances resulting from these transactions are not significant.

## 10. Commitments and Contingencies

### Operating leases

At December 31, 1996, the WCB was committed under non-cancellable operating leases requiring future minimum payments of approximately \$6 million per year over the next 5 years and aggregating to \$49 million thereafter.

### Legal actions

The WCB is party to various claims and lawsuits which are being contested. In the opinion of management, the outcome of such claims and lawsuits will not have a material effect on the WCB.

## 11. Pension Plan

The WCB has a contributory defined benefit pension plan for its employees and employees of the provincial safety associations, which provides for partially indexed pensions based on years of service and earnings rates near retirement. The investment activities and the administrative and accounting matters of the pension plan are administered by the WCB.

An independent actuarial valuation performed as of December 31, 1996 has determined that the pension plan is in a surplus position. The accrued pension obligations of the contributory defined benefit plan reflect management's estimates of salary escalations, mortality of members, terminations, and the ages at which members will retire. As at December 31, 1996, the pension plan's funded status was as follows:

	(\$ millions)	
	1996	1995
Pension assets	\$ 759	\$ 690
Accrued pension obligations	\$ 598	\$ 553

## 12. Comparative Figures

Certain re-classifications have been made to the prior year financial statements to conform with the current year's presentation.



# *Responsibility for* **Financial Reporting**

The accompanying financial statements were prepared by management in accordance with generally accepted accounting principles, consistently applied, and include some amounts based upon management's best estimates and judgements. Any financial information contained elsewhere in the Annual Report is consistent with these financial statements.

Management is responsible for the integrity of the financial statements and has established systems of internal control to provide reasonable assurance that assets are properly accounted for and safeguarded from loss. The Board of Directors has established an Audit Committee, to ensure that management fulfils these responsibilities. The Audit Committee meets periodically with management, internal auditors and external auditors to ensure that their responsibilities are properly discharged with respect to financial statement presentation, disclosure and recommendations on internal control.

The Internal Audit Branch performs audits designed to test the adequacy and consistency of the WCB's internal controls, practices and procedures.

The external auditors, KPMG, working under the direction of the Provincial Auditor, have performed an independent audit of the financial statements of the WCB in accordance with generally accepted auditing standards. Their report outlines the scope of this independent audit and their opinion on the financial statements of the WCB.

Eckler Partners Ltd., the independent consulting actuaries to the WCB, express an opinion on the adequacy and appropriateness of the valuation of the WCB's benefits liability.



Michael J. O'Keefe  
President  
and Chief Executive Officer



David Doncaster  
Acting Vice-President, Finance and Administration  
and Chief Financial Officer

March 21, 1997

# Auditors'

# Report



*To the Workers' Compensation Board,  
the Minister of Labour,  
and to the Provincial Auditor*

Pursuant to the *Workers' Compensation Act* which provides that the accounts of the Workers' Compensation Board (WCB) shall be audited by the Provincial Auditor or under his direction by an auditor appointed by the Lieutenant Governor in Council for that purpose, we have audited the balance sheet of the WCB as at December 31, 1996 and the statements of operations and unfunded liability and cash flows for the year then ended. These financial statements are the responsibility of WCB management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the WCB as at December 31, 1996 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

A handwritten signature of the KPMG firm, written in a cursive, stylized font.

Chartered Accountants

Toronto, Ontario  
March 21, 1997

# Consulting Actuaries'

## Report

### **Eckler Partners Ltd.**

*Consulting Actuaries' Report on the Valuation of the  
Benefits Liability of the Schedule 1 Accident Fund of the  
Workers' Compensation Board of Ontario as at December 31, 1996*

We have determined the estimated present value as at December 31, 1996 of future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before that date to be \$17,425 million. We have examined the data upon which the calculations were based and found them to be sufficient and reliable for the purposes of the valuation and consistent with the WCB's financial statements. We consulted with WCB management including the Chief Actuary in selecting appropriate assumptions and methods for the valuation. As in previous valuations, the present value does not include provision for future claims related to occupational disease or for future expenses of administration.

The present value reported above includes the liability for benefits under Bill 162 which came into effect as of January 2, 1990. In determining this liability, we took into account WCB management's estimates of the average percentage of permanent impairment of workers becoming eligible for compensation for non-economic loss under section 42, of the average percentage wage loss of workers becoming eligible for compensation for future loss of earnings under section 43, and of the portions of compensation for future loss of earnings under section 43, and of supplemental pensions under section 147(4) of the *Act* which will be continued following the reviews 24 months and 60 months after the benefits commence. We believe WCB management's estimates in this regard to be reasonable.

The present value also takes into account the provisions of Bill 165 which came into effect as of January 1, 1995, which affects the indexing of compensation and which provides for additional pension for certain categories of injured worker. The present value does not take into effect the proposed amendments to the *Act* contained in Bill 99, which is before the Ontario legislature.

The valuation was based on the provisions of the *Workers' Compensation Act* and on the WCB's administrative practices in effect as of January 1, 1997. Full provision has been made for potential future increases in the covered earnings ceiling and in the level of compensation as provided under the *Act* by using a net investment return assumption of 3% per annum with respect to fully indexed benefits and 5% per annum with respect to partially indexed benefits. The rates of net investment return were determined on the assumption that investment income in excess of these rates will be required to finance indexation of those benefits related to inflation. The long-term rate of general price inflation assumed in the valuation was 4% per annum, and the rate of indexation of benefits was therefore assumed to be 4% per annum for fully indexed benefits and 2% per annum for partially indexed benefits.

The methods and assumptions employed in the valuation were consistent with those used in the previous valuation, after taking account of changes in claim patterns. A complete description of the methods and assumptions employed in the valuation will be provided in our detailed report to the WCB on the valuation.

In our opinion, the assumptions made in this valuation are appropriate, the methods employed are in accordance with sound actuarial principles and the amount of \$17,425 million as at December 31, 1996 makes reasonable provision for future payments for short-term disability, long-term disability, rehabilitation, survivor benefits, health care and retirement income benefits under Schedule 1 on account of accidents that occurred on or before December 31, 1996.



David A. Short, F.S.A., F.C.I.A.



Jill M. Licht, F.S.A., F.C.I.A.

Actuaries with the firm of Eckler Partners Ltd.

March 21, 1997



# Ten-Year History

## Workers' Compensation Board Ten-Year Summary of the Statements of Operations and Unfunded Liability

(\$ millions)

	1996	1995	1994	1993	1992	1991	1990	1989	1988	1987
<b>Revenues</b>										
Assessment	\$ 2,610	\$ 2,653	\$ 2,351	\$ 2,283	\$ 2,528	\$ 2,505	\$ 2,596	\$ 2,678	\$ 2,377	\$ 2,092
Investment	711	593	499	521	453	450	440	409	316	272
	3,321	3,246	2,850	2,804	2,981	2,955	3,036	3,087	2,693	2,364
<b>Expenses</b>										
Benefits paid	2,371	2,385	2,331	2,435	2,444	2,342	2,059	1,782	1,624	1,463
Net increase (decrease) in benefits liability	50	(150)	(75)	400	760	1,440	1,220	2,117	1,443	1,096
Net increase in the Injured Workers' Retirement Fund	49	49	29	30	14	2	—	—	—	—
	2,470	2,284	2,285	2,865	3,218	3,784	3,279	3,899	3,067	2,559
Administrative and other	321	339	331	343	347	343	323	281	259	267
Legislated obligations	98	113	104	100	97	87	53	26	26	22
	2,889	2,736	2,720	3,308	3,662	4,214	3,655	4,206	3,352	2,848
<b>Net Income (Loss) from Operations</b>	432	510	130	(504)	(681)	(1,259)	(619)	(1,119)	(659)	(484)
<b>Unfunded Liability, beginning of year</b>	10,892	11,402	11,532	11,028	10,347	9,088	8,469	7,350	6,691	6,207
<b>Unfunded Liability, end of year</b>	\$ 10,460	\$ 10,892	\$ 11,402	\$ 11,532	\$ 11,028	\$ 10,347	\$ 9,088	\$ 8,469	\$ 7,350	\$ 6,691
<b>Other Statistics</b>										
<b>Schedule 1</b>										
• Average rate of assessment (per \$100 of payroll)	\$ 3.00	\$ 3.00	\$ 3.01	\$ 2.95	\$ 3.16	\$ 3.20	\$ 3.18	\$ 3.12	\$ 3.02	\$ 2.88
• Total assessable payroll (\$ millions)	\$ 86,844	\$ 86,065	\$ 82,818	\$ 84,243	\$ 83,048	\$ 80,727	\$ 80,352	\$ 79,475	\$ 73,789	\$ 67,974
Number of WCB employees as at December 31	4,373	4,597	4,603	4,751	4,909	5,139	5,138	4,611	4,387	4,211
Number of registered claims	345,606	371,837	370,444	368,485	377,019	409,946	473,407	467,212	489,819	469,681

# Public Sector

## Salary Disclosure

The *Public Sector Salary Disclosure Act, 1996* requires the WCB to publish in its annual report salary and benefit information of employees whose salaries are \$100,000 or more. In 1996, the following WCB employees earned salaries over \$100,000:

<b>Name</b>	<b>Position</b>	<b>Earnings*</b>	<b>Taxable Benefits</b>	<b>Total Earnings</b>
Ali, Zainul	Treasurer	\$103,919	\$ 42	\$103,961
Aronstam, Masha	Medical Advisor	\$105,400	\$ 42	\$105,443
Arvisais, James	Medical Advisor	\$104,682	\$ 42	\$104,725
Belanger, Adele	Legal Counsel II	\$104,740	\$ 192	\$104,932
Bennett, Paul	Manager, Strip Bonds	\$101,354	\$ 160	\$101,514
Bodasing, Deomanie	Executive / Medical Director Downsview Rehabilitation Centre	\$129,540	\$ 42	\$129,582
Boga, Amirali	Medical Co-ordinator	\$124,121	\$ 42	\$124,163
Bowman, Leslie	Medical Co-ordinator	\$109,782	\$ 42	\$109,825
Cantlie, George	Medical Co-ordinator	\$114,548	\$ 195	\$114,744
Carr, Patricia	Medical Consultant	\$120,152	\$ 42	\$120,194
Colaco, Carmen	Medical Co-ordinator	\$118,035	\$ 42	\$118,078
Cooper, Glenn Wm.	Vice-President, Finance & Administration and Chief Financial Officer	\$123,738	\$ 214	\$123,952
De Demeter, Dorrit	Medical Consultant	\$125,807	\$ 60	\$125,867
De Domenico, Ivan J.	Medical Advisor	\$112,787	\$ 478	\$113,265
Douglas, Colin	Legal Counsel II	\$104,740	\$ 192	\$104,932
Frame, Joy	Legal Counsel II	\$101,120	\$ 42	\$101,163
Garg, S.K.	Medical Advisor	\$112,037	\$ 200	\$112,237
Germansky, Martin	Medical Advisor	\$112,037	\$ 200	\$112,237
Greaves, Douglas	Director, Equity Investments	\$142,486	\$ 42	\$142,529
Hadjiski, Anna	Medical Consultant	\$118,690	\$ 42	\$118,732
Ho, Michael	Clinic Training Specialist	\$119,088	\$ 42	\$119,130
Holyoke, Paul	Director, Legal Branch	\$111,944	\$ 180	\$112,124
Jolley, Linda	Vice-President, Strategic Policy & Analysis and Client Appeals	\$116,005	\$ 203	\$116,208
Kelly, J. Brian	Medical Co-ordinator	\$124,140	\$ 42	\$124,182
Lamoureux, Linda	Director, Special Investigations	\$115,924	\$ 198	\$116,122
Linton, Mary	Vice-President, Investments	\$157,500	\$ 267	\$157,767
Little, William	Medical Consultant	\$122,538	\$ 218	\$122,755
Long, Kerry	Vice-President, Information Services and Chief Information Officer	\$184,154	\$ 0	\$184,154
Longmore, Robert	Medical Co-ordinator	\$123,903	\$ 218	\$124,120
MacArthur, Angus	Medical Consultant	\$118,295	\$ 201	\$118,496
Malayil, Ammini	Medical Consultant	\$123,909	\$ 42	\$123,951
Mastrilli, Arcangelo	Medical Advisor	\$108,296	\$ 42	\$108,338
Mueller, Peter **	Vice-President, Communications & Public Affairs	\$103,799	\$ 51	\$103,851
Mulligan, Robert	Manager, Canadian Core Equity	\$103,923	\$ 42	\$103,965

<b>Name</b>	<b>Position</b>	<b>Earnings*</b>	<b>Taxable Benefits</b>	<b>Total Earnings</b>
O'Keefe, Michael	President and Chief Executive Officer	\$152,904	\$8,907	\$161,811
Painvin, Catherine	Medical Co-ordinator	\$121,909	\$ 42	\$121,951
Preradovic, Nikola	Medical Advisor	\$108,404	\$ 42	\$108,446
Prichett, Barry	Medical Advisor	\$110,080	\$ 42	\$110,122
Redfearn, R. Graham	Medical Advisor	\$110,759	\$ 42	\$110,801
Roy, Marie	Medical Co-ordinator	\$112,886	\$ 42	\$112,928
Sahay, Satyendra	Medical Consultant	\$117,544	\$ 42	\$117,586
Schofield, Michel	Co-ordinator, Special Clinic	\$111,051	\$ 124	\$111,175
Shapiro, Gary	Medical Advisor	\$112,013	\$ 42	\$112,055
Simmons, Wayne	Director, Bonds/Money Market	\$144,750	\$ 42	\$144,792
Stewart, Thomas	Medical Advisor	\$111,988	\$ 200	\$112,189
Sutherland, Doris	Pension Medical Consultant	\$123,909	\$ 42	\$123,951
Tabesh, Ali	Medical Co-ordinator	\$114,082	\$ 205	\$114,287
Thakur, Ranasree	Medical Co-ordinator	\$123,930	\$ 42	\$123,972
Van Clieaf, Sam ***	Vice-President, Client Services	\$114,644	\$ 42	\$114,686
Walker, John	Medical Advisor	\$100,420	\$ 177	\$100,598
Wardekar, Ashok	Medical Consultant	\$113,006	\$ 42	\$113,048
Werry, Clark	Medical Co-ordinator	\$115,767	\$ 204	\$115,970
Yeandle-Hignell, James	Medical Co-ordinator	\$115,141	\$ 202	\$115,344

\* The amount shown as earnings in this disclosure statement may not represent the individual's actual annual rate of salary. The earnings required to be made public under the *Public Sector Salary Disclosure Act, 1996* reflect the amount reported to Revenue Canada on the employer's T4 slip for an employee. The earnings shown in this statement may therefore include non-recurring payments in 1996 for retroactive pay from a reclassification or a grievance settlement or a pay-out upon retirement. The earnings shown may be less than the individual's annual rate of salary if the individual worked only part of the year.

\*\*\* No longer with the WCB on December 31, 1996.

Retired.





# Workers' Compensation Board Offices

## **Head Office**

Simcoe Place  
200 Front Street West  
Toronto ON M5V 3J1

## **General Inquiry**

(416) 344-1000  
1-800-387-0750  
1-800-387-5540 (All of Canada)

## **Teletypewriter (TTY)**

1-800-387-0050

## **Internet**

Web site: [www.wcb.on.ca](http://www.wcb.on.ca)  
E-mail: [wcbcomm@wcb.on.ca](mailto:wcbcomm@wcb.on.ca)

## **WCB Main Fax**

(416) 344-4684

## **Revenue Inquiry**

(416) 344-1013  
1-800-387-8638  
Fax: (416) 344-3381

## **Integrated Service Units**

*Central Ontario East*  
(416) 344-1001  
1-800-263-8877

*Central Ontario West*  
(416) 344-1005  
1-800-387-0025

*Central Ontario South*  
(416) 344-1007  
1-800-387-0068

*Central Ontario  
Construction*  
(416) 344-1004  
1-800-387-0080

*Toronto North*  
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1-800-387-8607

*Toronto South*  
(416) 344-1008  
1-800-387-0064

*Toronto East*  
(416) 344-1002  
1-800-387-0066

*Toronto West*  
(416) 344-1006  
1-800-387-0062

*Complex Case Unit (Injuries)*  
(416) 344-1009  
1-800-465-5538

*Complex Case Unit (Diseases)*  
(416) 344-1010  
1-800-465-9646

## **Downsview Rehabilitation Centre**

115 Torbarrie Road  
Downsview ON M3L 1G8  
(416) 244-1761  
1-800-387-7730  
Fax: (416) 240-2102

## **Regional Offices**

*Hamilton*  
P.O. Box 2099  
Station LCD1  
120 King Street West  
Hamilton ON L8N 4C5  
(905) 523-1800  
1-800-263-8488  
(416, 519, 613, 705 & 905)  
Fax: (905) 523-7014  
(905) 521-4576  
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*London*  
148 Fullarton Street  
London ON N6A 5P3  
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*Ottawa*  
360 Albert Street  
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Ottawa ON K1R 7X7  
(613) 238-7851  
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(613) 239-3349  
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*Sudbury*  
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Sudbury ON P3E 1A4  
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1-800-461-3350  
(705 & 819)  
Fax: (705) 675-9367  
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P.O. Box 7000  
410 Memorial Avenue  
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(204, 705, & 807)  
Fax: (807) 343-1702  
Revenue Fax: (807) 343-1977

*Windsor*  
235 Eugenie Street West  
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(519) 966-0660  
1-800-265-7380  
(All of Canada)  
Fax: (519) 972-4181  
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## **Area Offices**

*Kingston*  
234 Concession Street  
Suite 304  
Kingston ON K7K 6W6  
(613) 544-9682  
1-800-267-9461  
(613)  
Fax: (613) 544-1510

*Kitchener/Waterloo*  
55 King Street West  
Suite 502  
Kitchener ON N2G 4W1  
(519) 576-4130  
1-800-265-2570  
Fax: (519) 576-2667

*North Bay*  
128 McIntyre Street West  
North Bay ON P1B 2Y6  
(705) 472-5200  
1-800-461-9521  
(Ontario & 819)  
Fax: (705) 472-9801

*Sault Ste. Marie*  
153 Great Northern Road  
Sault Ste. Marie ON P6B 4Y9  
(705) 942-3002  
1-800-461-6005  
(705 & 807)  
Fax: (705) 942-7582

*St. Catharines*  
Lake-Carlton Plaza  
161 Carlton Street  
Suite 201  
St. Catharines ON L2R 1R5  
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1-800-263-2484  
Fax: (905) 687-7117  
Revenue Fax: (905) 641-0424

*Timmins*  
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119 Pine Street South  
Suite 310  
Timmins ON P4N 2K3  
(705) 267-6427  
1-800-461-9856  
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Fax: (705) 264-9131

## **Note:**

Each toll-free number has the area code(s) or area(s) that it services indicated in brackets after it. Where no area code(s) is specified, all of Ontario is served.





**Workers'  
Compensation  
Board**

**Commission  
des accidents  
du travail**

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- A56

WORKERS' COMPENSATION BOARD OF ONTARIO

*Statistical Supplement to the*  
**1996 Annual Report**





# *Statistical Supplement to the* **1996 Annual Report**

This publication is supplemental to the WCB's *1996 Annual Report*. Ten-year trend figures are shown where available. In some tables, percentages do not necessarily add up to 100 due to rounding.

The WCB's *1996 Annual Report* is also available upon request from the Workers' Compensation Board's Policy and Communications Division.

200 Front Street West, 18th Floor  
Toronto ON M5V 3J1  
(416) 344-4200 or toll-free  
1-800-387-5540, extension 4200

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1-800-387-0050

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E-mail: [wcbcomm@wcb.on.ca](mailto:wcbcomm@wcb.on.ca)

Vous pouvez obtenir un exemplaire du Rapport annuel 1996 de la Commission des accidents du travail et de son supplément statistique en français auprès de la Commission des accidents du travail, Division des politiques et des communications.

200, rue Front Ouest, 18<sup>e</sup> étage  
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(416) 344-4200  
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Site Web : [www.wcb.on.ca](http://www.wcb.on.ca)

Courrier : [wcbcomm@wcb.on.ca](mailto:wcbcomm@wcb.on.ca)

Detailed claims profiles for 1997 accidents are available upon request. To receive more information, please call the Information Request Line at (416) 344-4700 or toll-free 1-800-387-5540, extension 4700, or Fax to (416) 344-4600.

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# *Claim Volumes*

Tables in this section provide different perspectives on the number of accidents which occur in the workplace each year and the workers' compensation claims arising from these accidents.

Table 1 lists the number of claims according to the year a claim is reported and registered. This provides an indication of the administrative workload at the WCB. Delays in reporting and the long processing times of some complex cases complicate the tabulation and reporting of statistics concerning accidents and claims for a given year. The count of accidents grows or matures as more claims are reported and decisions are made. The process by which the counts grow after the end of the year, due to registrations and dispositions of pending claims, is called "maturing".

The other two tables show the number of claims according to when the accident occurred. Since some accidents are reported late, the number of claims by year of accident changes, depending on when the count is made. Table 2 provides a snapshot of the accident counts by claim status as of March 31 following the year of accident (three months after the end of the year), while Table 3 gives a snapshot at 15 months after the end of the year, when most maturing has occurred.

More details and background on these summary statistics can be found in the explanatory notes that accompany each table.

**Number of Registrations in a Year (1987 - 1996)**

Figures in this table show the number of claims registered with the WCB in each year. Annual volumes of claim registrations provide a measure of the overall administrative workload at the WCB.

Although most claims are reported and registered in the same year the accident occurred, there are cases in which the claim is reported and registered after the year of the accident. This table provides a breakdown of registered claims for accidents that occurred in the current year and in prior years.

The figures encompass all claims reported to the WCB in the reference year, including those that are allowed, not allowed and those pending at the end of the year (such as those awaiting further information upon which to base an entitlement decision).

The breakdown of claims by accidents in the current year and in prior years provides a relative measure of reporting delays in different years.

**Number of Claims and Percentage of Total Claims**

	Year of Registration																			
	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%	1996	%
Accidents in Current Year	444,130	95%	472,348	96%	447,577	96%	433,814	92%	390,115	95%	361,437	96%	351,486	95%	356,236	96%	354,449	95%	327,248	95%
Accidents in Prior Years	25,551	5%	17,471	4%	19,635	4%	39,593	8%	19,831	5%	15,582	4%	16,999	5%	14,208	4%	17,388	5%	18,358	5%
Total Registrations	469,681	100%	489,819	100%	467,212	100%	473,407	100%	409,946	100%	377,019	100%	368,485	100%	370,444	100%	371,837	100%	345,606	100%



## Number of Accidents in a Year Registered as of March 31 of the Following Year (1988 - 1996)

Figures in this table show the number of accidents which occurred in the reference year and registered by March 31 of the following year.

Some claims are not reported and/or not allowed in the same year as the accident occurred. Therefore, these figures are not complete counts of all accidents that may have occurred during the reference year. Rather, they are an accurate representation of decisions made up to three months after the year of accident (in other words, up to March 31 of the following year).

In addition, the breakdown by type of claim (lost-time, no lost-time, etc.) is based on the status of claims as of March 31 of the following year. This status, particularly the pending status, may change after March 31. For instance, a claim with pending status on March 31 may later change to lost-time, no lost-time, or not allowed.

Status as of March 31 of the Following Year	Year of Accident																	
	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%	1996	%
SCHEDULE 1																		
Allowed Lost-Time	185,585	43%	178,255	42%	161,781	41%	133,492	38%	116,181	38%	105,885	34%	106,561	33%	101,589	31%	87,789	30%
Allowed No Lost-Time	205,557	47%	193,300	46%	184,990	46%	174,263	49%	163,339	50%	160,999	51%	157,982	49%	164,913	51%	155,431	52%
Not Allowed	36,796	8%	39,827	9%	45,809	11%	41,802	12%	42,070	13%	45,279	14%	53,938	17%	54,353	17%	50,786	17%
Abandoned	28,480		32,051		37,980		33,051		42,384		38,774		13,867		43,746		40,447	
Denied	8,316		7,776				8,151		9,116		9,505		10,081		11,008		10,354	
Pending	7,308	2%	11,007	3%	5,795	1%	3,107	1%	3,311	1%	2,808	1%	3,360	1%	3,023	1%	2,329	1%
Sub-total	435,246	100%	422,389	100%	398,375	100%	352,664	100%	324,904	100%	314,532	100%	321,841	100%	323,878	100%	296,335	100%
SCHEDULE 2																		
Allowed Lost-Time	22,914	44%	22,717	41%	22,663	44%	21,983	44%	20,746	43%	19,237	41%	19,083	40%	17,276	38%	15,291	37%
Allowed No Lost-Time	21,333	41%	20,862	40%	20,680	40%	20,341	41%	20,235	41%	19,376	42%	19,000	40%	18,734	42%	17,470	41%
Not Allowed	6,907	13%	6,882	13%	6,873	13%	6,843	14%	7,167	14%	7,930	16%	8,544	18%	8,434	19%	8,184	20%
Abandoned	5,481		5,304		5,762		5,488		5,534		5,774		6,559		6,334		6,095	
Denied	1,113		1,778		1,111		1,345		1,633		1,876		1,885		2,140		2,039	
Pending	1,281	2%	1,813	3%	871	2%	573	1%	572	1%	477	1%	647	1%	517	1%	412	1%
Sub-total	52,408	100%	51,364	100%	51,187	100%	50,340	100%	48,730	100%	46,635	100%	47,309	100%	44,985	100%	41,357	100%
TOTAL																		
Allowed Lost-Time	208,499	43%	200,967	45%	184,444	41%	155,475	39%	136,927	37%	125,122	33%	125,644	34%	118,814	32%	103,080	31%
Allowed No Lost-Time	226,850	47%	213,852	45%	205,770	46%	195,204	48%	183,574	49%	180,375	50%	177,022	48%	183,647	50%	172,901	51%
Not Allowed	43,703	9%	46,309	10%	52,682	12%	48,645	12%	49,737	13%	52,879	15%	62,482	17%	62,787	17%	58,970	17%
Abandoned	33,974		37,255		43,742		39,119		38,488		41,498		50,416		49,629		46,527	
Denied	9,729		9,054		8,940		9,448		10,749		11,331		12,066		13,158		12,443	
Pending	8,602	2%	12,625	3%	6,666	1%	3,680	1%	3,883	1%	2,841	1%	4,002	1%	3,615	1%	2,741	1%
Total	487,654	100%	473,753	100%	449,562	100%	403,004	100%	373,634	100%	361,167	100%	369,150	100%	368,863	100%	337,692	100%

**Notes:**

1. Reporting claim volumes in this manner started in 1989. Comparable claim volume statistics for years prior to 1989 are not available.

2. Lost-time claims include compensable claims by workers who have lost wages as a result of a temporary disability, as well as those who have a permanent impairment with time lost from work.

3. All lost-time claims involve accidents where no wage loss benefits were paid to the worker. Permanent impairment injuries or occupational diseases where the worker did not lose time from work beyond the day of the accident are also included.

4. Abandoned claims include cases where the WCB could not collect information from the worker to substantiate the claim or the worker withdraws a claim.

5. Temporary total disability cases where the injuries or diseases are not work related (denial based on merit) or workers/employers are not covered by the Workers' Compensation Act (denial based on status)

6. Compensation claims include the following: Schedule 1 or Schedule 2. Schedule 1 employers are required to pay annual assessments, which form the WCB's Accident Fund. Compensation and health care for injured workers are paid for by the Accident Fund. Schedule 2 employers are required to pay the compensation and health care costs of any worker who suffers an occupational accident or disease. Employers in this category include: municipal, provincial and federal governments, railways, airlines and telephone companies.

## Number of Accidents in a Year with Estimate for Maturing (1988 - 1996)

This table is an extension of Table 2. The purpose is to provide, as closely as possible, a count of the claims which will ultimately be registered and allowed that arise from accidents occurring in the reference year. The process by which the counts grow after the end of the year, due to registrations and dispositions of pending claims, is called "maturing". A matured count of claims more accurately reflects the base upon which liabilities and the ultimate costs of the workers' compensation system are based.

The figures below show the number of accidents in the reference year, based on registration and decisions made up to 15 months after

the end of the accident year. For example, the figures for 1988 show the number of accidents registered and adjudicated for that year by March 31, 1990. Likewise, the breakdown of claims is based on the status of these claims as of March 31 of the second year after the year of accident.

By comparing these figures to those reported in Table 2, an estimate can be obtained of the additional maturing resulting from additional claims reported after March 31 of the following year, and also from changes in status, such as from pending to allowed.

Status as of March 31 of the Second Year After Accident Year		Year of Accident																	
		1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%	1996	%
<b>SCHEDULE 1</b>																			
Allowed Lost-Time	192,466	44%	183,875	43%	165,139	41%	135,281	36%	118,390	34%	107,189	34%	108,876	34%	103,431	32%	89,620	30%	
Allowed No Lost-Time	206,344	47%	195,427	46%	186,484	47%	175,469	50%	164,007	51%	159,950	51%	158,431	49%	165,250	51%	156,220	53%	
Not Allowed	37,550	9%	44,414	10%	48,127	12%	42,969	12%	43,259	13%	45,728	15%	55,077	17%	55,315	17%	51,573	17%	
Abandoned	28,253		35,085		38,964		33,839		33,072		35,520		43,867		43,139		40,103		
Denied	9,297		9,329		9,163		9,130		10,187		10,208		11,210		12,176		11,470		
<b>SCHEDULE 2</b>																			
Allowed Lost-Time	23,970	46%	23,595	46%	23,267	45%	22,499	44%	21,614	44%	20,834	42%	19,876	41%	18,027	39%	15,610	38%	
Allowed No Lost-Time	21,398	41%	20,785	41%	20,985	41%	21,239	42%	20,640	42%	21,053	42%	19,562	41%	19,407	42%	17,559	42%	
Not Allowed	6,961	13%	6,816	13%	7,103	14%	7,052	14%	7,339	15%	7,948	16%	8,776	18%	8,821	19%	8,359	20%	
Abandoned	5,311		5,274		5,748		5,493		5,523		5,885		6,544		6,345		6,045		
Denied	1,650		1,542		1,355		1,559		1,816		2,063		2,232		2,476		2,314		
<b>TOTAL</b>																			
Allowed Lost-Time	216,436	44%	207,470	44%	188,406	42%	157,780	39%	140,004	37%	128,023	35%	128,752	35%	121,458	33%	105,230	31%	
Allowed No Lost-Time	227,742	47%	216,212	46%	207,469	46%	196,708	49%	184,647	49%	181,003	50%	177,993	48%	184,657	50%	173,779	51%	
Not Allowed	44,511	9%	51,230	11%	55,230	12%	50,021	12%	50,598	13%	53,676	15%	63,853	17%	64,136	17%	59,932	18%	
Abandoned	33,564		40,359		44,712		39,332		38,595		41,405		50,411		49,484		46,148		
Denied	10,947		10,871		10,518		10,689		12,003		12,271		13,442		14,652		13,784		

The 1996 data is estimated. The estimates are based on prior registration experience and the probabilities associated with the disposition of new and pending claims.

# Detailed Claims Profiles

The tables in this section provide, by year of accident, detailed analyses of lost-time injuries and occupational diseases as reported in Table 2. Lost-time claims reported and allowed as of March 31 of the following year are included.

Starting in 1996, a new national coding standard, Z795, is used to record accident details on nature of injury or disease, part of body, event (type of accident) and source of injury or disease. In addition, the National Occupational Classification (NOC) is used for injured workers' occupations, and an expanded industry classification is used for employers' industries.

Please exercise caution when comparing 1996 figures to previous years' data. In order to provide coherence with previous years' data, 1996 coding is converted to previous standards. However, due to a change in coding practices driven by the new coding standards, the conversion cannot be perfect. Please read detailed notes in individual tables for specific impacts.

## **Note:**

As indicated in the explanatory notes of Table 2, the total number of accidents shown in these profiles is not a complete count of accidents that have occurred in the reference year. The figures are the result of a "snapshot" taken as of March 31 of the following year. For further details, please read the explanatory notes in Table 2.





## Lost-Time Claims by Nature of Injury and Disease (1987 - 1996)

Nature of Injury and Disease	Year of Accident																			
	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%	1996	%
Injuries:																				
Sprains and strains	101,489	49.4%	104,702	50.2%	99,507	49.5%	88,308	47.9%	75,595	48.6%	68,423	50.0%	62,686	50.1%	60,274	48.0%	56,905	47.9%	47,761	46.3%
Contusion, crushing, bruise	41,398	20.2%	42,759	20.5%	39,650	19.7%	30,737	16.7%	22,004	14.2%	18,975	13.9%	16,449	13.1%	17,172	13.7%	16,599	14.0%	13,047	12.7%
Cut, laceration, puncture	25,714	12.5%	25,944	12.4%	23,889	11.9%	18,617	10.1%	14,379	9.2%	12,095	8.8%	10,974	8.8%	10,854	8.6%	10,618	8.9%	9,198	8.9%
Fracture	8,438	4.1%	8,366	4.0%	7,943	4.0%	7,603	4.1%	7,820	5.0%	7,503	5.5%	7,150	5.7%	7,194	5.7%	6,989	5.9%	7,345	7.1%
Scratches, abrasion	6,235	3.0%	6,337	3.0%	5,450	2.7%	4,990	2.7%	4,154	2.7%	3,620	2.6%	3,092	2.5%	3,168	2.5%	3,006	2.5%	2,918	2.8%
Burn or scald (heat)	4,608	2.2%	4,408	2.1%	4,031	2.0%	3,545	1.9%	2,795	1.8%	2,289	1.7%	2,223	1.8%	2,186	1.7%	2,292	1.9%	1,552	1.5%
Hernia	1,620	0.8%	1,519	0.7%	1,533	0.8%	1,427	0.8%	1,365	0.9%	1,287	0.9%	1,163	0.9%	1,211	1.0%	1,140	1.0%	1,389	1.3%
Multiple injuries	952	0.5%	1,089	0.5%	1,063	0.5%	1,060	0.6%	1,150	0.7%	1,151	0.8%	988	0.8%	933	0.7%	773	0.7%	1,085	1.1%
Dislocation	667	0.3%	721	0.3%	677	0.3%	656	0.4%	697	0.4%	638	0.5%	588	0.5%	607	0.5%	607	0.5%	991	1.0%
Amputation or enucleation	619	0.3%	553	0.3%	511	0.3%	650	0.4%	791	0.5%	807	0.6%	749	0.6%	709	0.6%	750	0.6%	758	0.7%
Concussion	341	0.2%	369	0.2%	331	0.2%	314	0.2%	415	0.3%	357	0.3%	353	0.3%	425	0.3%	434	0.4%	390	0.4%
Electric shock, electrocution	269	0.1%	214	0.1%	182	0.1%	169	0.1%	132	0.1%	106	0.1%	115	0.1%	118	0.1%	125	0.1%	65	0.1%
Occupational injury, NEC	5,372	2.6%	4,189	2.0%	5,395	2.7%	11,127	6.0%	16,582	10.7%	13,180	9.6%	11,885	9.5%	14,429	11.5%	12,516	10.5%	10,773	10.5%
Sub-total Injuries	197,722	96.3%	201,170	96.5%	190,162	94.6%	169,203	91.7%	147,879	95.1%	130,431	95.2%	118,425	94.6%	119,280	94.9%	112,754	94.9%	97,272	94.4%
Diseases:																				
Inflammation or irritation of joints, tendons, muscles, nerves & arteries	2,153	1.0%	2,161	1.0%	2,492	1.2%	3,341	1.8%	3,548	2.3%	3,908	2.9%	4,142	3.3%	3,871	3.1%	3,559	3.0%	2,764	2.7%
Burn (chemical)	1,427	0.7%	1,518	0.7%	1,332	0.7%	1,110	0.6%	876	0.6%	641	0.5%	584	0.5%	603	0.5%	628	0.5%	626	0.6%
Poisoning, systemic	929	0.5%	895	0.4%	778	0.4%	789	0.4%	731	0.5%	569	0.4%	581	0.5%	583	0.5%	636	0.5%	369	0.4%
Contagious or infectious disease	309	0.2%	248	0.1%	251	0.1%	339	0.2%	247	0.2%	225	0.2%	214	0.2%	131	0.1%	166	0.1%	304	0.3%
Radiation effects	978	0.5%	1,002	0.5%	906	0.5%	643	0.3%	435	0.3%	305	0.2%	321	0.3%	365	0.3%	398	0.3%	258	0.3%
Dermatitis	782	0.4%	606	0.3%	530	0.3%	475	0.3%	502	0.3%	377	0.3%	343	0.3%	314	0.2%	260	0.2%	213	0.2%
Hearing loss or impairment	656	0.3%	601	0.3%	652	0.3%	433	0.2%	124	0.1%	78	0.1%	80	0.1%	61	0.0%	46	0.0%	47	0.0%
Freezing, frostbite	28	0.0%	60	0.0%	51	0.0%	15	0.0%	23	0.0%	23	0.0%	12	0.0%	61	0.0%	24	0.0%	22	0.0%
Heat stroke, cramps, exhaustion, and sunstroke	41	0.0%	45	0.0%	22	0.0%	6	0.0%	27	0.0%	7	0.0%	24	0.0%	25	0.0%	32	0.0%	16	0.0%
Pneumoconiosis, NEC	50	0.0%	44	0.0%	68	0.0%	60	0.0%	60	0.0%	88	0.1%	42	0.0%	46	0.0%	46	0.0%	15	0.0%
Occupational illnesses, NEC	124	0.1%	91	0.0%	109	0.1%	99	0.1%	153	0.1%	143	0.1%	227	0.2%	143	0.1%	127	0.1%	1,065	1.0%
Sub-total Diseases	7,477	3.6%	7,271	3.5%	7,191	3.6%	7,310	4.0%	6,726	4.3%	6,364	4.6%	6,570	5.3%	6,203	4.9%	5,922	5.0%	5,699	5.5%
Non-personal damage only	60	0.0%	57	0.0%	65	0.0%	43	0.0%	36	0.0%	21	0.0%	22	0.0%	22	0.0%	24	0.0%	9	0.0%
Unclassified or unidentified	0	0.0%	1	0.0%	3,549	1.8%	7,888	4.3%	834	0.5%	124	0.1%	105	0.1%	139	0.1%	114	0.1%	100	0.1%
Total	205,259	100%	208,499	100%	200,967	100%	184,444	100%	155,475	100%	136,940	100%	125,122	100%	125,644	100%	118,814	100%	103,080	100%

## Notes:

- 1 The drop in the number of hearing loss claims starting in 1991 is due to the reclassification of claim type from last-time to no last-time.
- 2 The new 2795 standard provides more specific codes for multiple injuries. This has led to a decrease in the counts for "Sprains and strains" and "Contusion, crushing, bruise"
- 3 "NEC" stands for not elsewhere classified

### *Lost-Time Claims by Part of Body Injured (1987-1996)*

Part of Body Injured	Year of Accident											
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	%	%
Back (including neck)	59,896	56,172	57,880	55,290	51,372	46,556	47,508	41,978	38,285	31,884	30.9%	
Upper extremities (arms & hands)	51,575	52,380	48,086	39,916	32,519	27,450	24,834	25,198	24,798	24,793	24.1%	
Lower extremities (legs & feet)	37,971	38,177	35,797	31,114	27,258	23,716	21,161	21,781	20,619	18,643	18.1%	
Trunk (excluding back)	20,040	25,583	19,388	17,499	15,470	13,791	12,651	12,827	12,108	11,430	11.1%	
Multiple parts	14,316	14,718	15,248	13,406	11,311	10,220	9,077	8,401	8,202	7,574	7.3%	
Head	13,243	13,688	12,393	10,753	8,881	7,580	6,890	7,553	7,641	7,323	7.1%	
Not applicable	7,494	6,750	7,190	7,306	6,713	6,354	4,86	6,195	5,917	962	0.9%	
Unclassified or unidentified	774	1,031	4,985	9,160	1,951	1,273	1,438	1,711	1,244	471	0.5%	
<b>Total</b>	<b>205,259</b>	<b>208,499</b>	<b>200,967</b>	<b>184,444</b>	<b>155,475</b>	<b>136,940</b>	<b>125,122</b>	<b>125,544</b>	<b>118,814</b>	<b>103,080</b>	<b>100%</b>	<b>100%</b>

**Note:** Under the new Z795 coding standard, when a disease, disorder, or condition originated in a particular internal body part, that body part is selected for coding purposes, then grouped in the general categories above. Prior to 1996, most occupational diseases are categorized under "Not applicable."

Lost-Time Claims by Type of Accident (1987 - 1996)

Type of Accident	Year of Accident											
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	%	%
Overexertion	64,878	66,280	62,227	56,291	51,780	45,213	40,765	39,409	36,370	30,147	30.6%	29.2%
Bodily reaction	26,336	27,352	27,440	26,869	23,888	23,801	23,194	22,989	21,725	17,596	18.3%	17.1%
Struck by	40,784	40,929	37,749	31,802	25,344	21,550	19,467	20,433	19,735	17,383	16.3%	16.9%
Fall on same level	17,874	18,435	17,980	17,102	14,791	13,846	11,987	12,933	11,872	10,921	10.3%	10.6%
Fall from elevation	11,062	10,944	10,357	9,469	9,216	8,051	7,086	6,592	6,206	6,077	5.7%	5.9%
Struck against	12,637	12,389	12,185	10,944	9,284	7,642	6,790	6,758	6,503	5,941	5.4%	5.8%
Caught in, under or between	14,658	15,052	13,794	10,802	8,785	7,553	6,978	7,267	7,117	5,750	5.6%	5.6%
Contact with machinery, tools or objects	4,659	4,358	4,083	3,654	3,070	2,419	2,389	2,415	2,446	1,914	1.9%	1.9%
Contact with noxious substances	4,540	4,489	3,951	3,536	2,868	2,289	2,214	2,322	2,395	1,828	1.8%	1.8%
Contact with extreme temperature	2,004	2,041	2,031	2,028	2,157	2,126	2,097	1,960	1,868	1,449	1.6%	1.4%
Motor vehicle accidents	1,161	1,038	1,058	770	464	400	405	416	369	894	0.3%	0.9%
Rubbed or abraded	742	714	599	592	567	471	466	458	394	844	0.4%	0.8%
Vehicle accidents, NEC	312	261	249	248	199	158	175	174	185	194	0.1%	0.2%
Contact with electric current	203	191	147	77	69	38	46	44	30	89	0.0%	0.1%
Public transportation accidents	2,734	3,348	988	229	205	261	278	512	539	1,098	0.4%	1.1%
Accident type, NEC	675	678	6,129	10,031	2,788	1,122	785	962	1,060	955	0.6%	0.9%
Unclassified or unidentified												
<b>Total</b>	<b>205,259</b>	<b>208,499</b>	<b>200,367</b>	<b>184,444</b>	<b>155,475</b>	<b>136,940</b>	<b>125,122</b>	<b>125,644</b>	<b>118,814</b>	<b>103,080</b>	<b>100%</b>	<b>100%</b>

Note:

"NEC" stands for not elsewhere classified.



### *Lost-Time Claims by Source of Injury (1987 - 1996)*

Source of Injury	Year of Accident																			
	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%	1996	%
Bodily motion	26,336	12.8%	27,352	13.1%	27,440	13.7%	26,872	14.6%	23,881	15.4%	23,801	17.4%	23,187	18.5%	22,982	18.3%	21,726	18.3%	17,529	17.0%
Working surfaces	26,738	13.0%	27,181	13.0%	26,376	13.1%	24,943	13.5%	22,224	14.3%	20,135	14.7%	17,724	14.2%	18,249	14.5%	16,748	14.1%	15,582	15.1%
Boxes, barrels, containers, packages	23,591	11.5%	23,900	11.5%	25,302	12.6%	23,778	12.9%	22,574	14.5%	19,884	14.5%	18,173	14.5%	17,334	13.8%	16,202	13.6%	13,910	13.5%
Metal items	20,649	10.1%	20,842	10.0%	20,668	10.3%	18,180	9.9%	13,820	8.9%	11,202	8.2%	10,651	8.5%	10,735	8.5%	10,148	8.5%	8,718	8.5%
Vehicles	14,657	7.1%	14,293	6.9%	11,910	5.9%	10,422	5.7%	10,444	6.7%	9,590	7.0%	8,963	7.2%	8,807	7.0%	8,065	6.8%	6,994	6.8%
Machines	11,346	5.5%	10,811	5.2%	9,589	4.8%	7,948	4.3%	6,847	4.4%	5,926	4.3%	5,453	4.4%	5,688	4.5%	5,688	4.8%	5,317	5.2%
Animals, insects, birds, reptiles, and persons	7,775	3.8%	8,259	4.0%	8,198	4.1%	8,090	4.4%	8,197	5.3%	7,559	5.5%	7,294	5.8%	6,943	5.5%	6,504	5.5%	5,255	5.1%
Hand tools, not powered	9,816	4.8%	9,421	4.5%	9,046	4.5%	7,710	4.2%	6,386	4.1%	5,748	4.2%	5,165	4.1%	5,022	4.0%	4,911	4.1%	4,845	4.7%
Furniture, fixtures, furnishings	6,134	3.0%	6,345	3.0%	5,761	2.9%	5,070	2.7%	4,759	3.1%	4,386	3.2%	3,999	3.2%	4,291	3.4%	3,891	3.3%	3,733	3.6%
Buildings and structures	3,244	1.6%	3,075	1.5%	3,249	1.6%	2,958	1.6%	2,732	1.8%	2,454	1.8%	2,136	1.7%	2,179	1.7%	2,017	1.7%	2,244	2.2%
Electric apparatus	2,338	1.1%	2,397	1.1%	2,181	1.1%	2,018	1.1%	1,798	1.2%	1,557	1.1%	1,474	1.2%	1,490	1.2%	1,432	1.2%	1,352	1.3%
Wood items	4,388	2.1%	4,184	2.0%	3,487	1.7%	2,824	1.5%	2,216	1.4%	1,903	1.4%	1,793	1.4%	1,772	1.4%	1,617	1.4%	1,242	1.2%
Hand tools, powered	4,469	2.2%	4,533	2.2%	4,483	2.2%	3,290	1.8%	2,538	1.6%	2,031	1.5%	1,952	1.6%	1,947	1.5%	1,788	1.5%	1,174	1.1%
Chemicals and chemical compounds	2,410	1.2%	2,252	1.1%	1,980	1.0%	1,965	1.1%	1,716	1.1%	1,351	1.0%	1,300	1.0%	1,284	1.0%	1,210	1.0%	999	1.0%
Food products	1,461	0.7%	1,339	0.6%	1,214	0.6%	1,100	0.6%	937	0.6%	817	0.6%	885	0.7%	890	0.7%	949	0.8%	705	0.7%
Particles	3,516	1.7%	4,105	2.0%	3,162	1.6%	2,375	1.3%	1,661	1.1%	1,320	1.0%	1,179	0.9%	1,157	0.9%	989	0.8%	696	0.7%
Hoisting apparatus	945	0.5%	877	0.4%	797	0.4%	680	0.4%	665	0.4%	575	0.4%	614	0.5%	658	0.5%	667	0.6%	561	0.5%
Boilers and pressure vessels	878	0.4%	860	0.4%	855	0.4%	740	0.4%	598	0.4%	570	0.4%	565	0.5%	544	0.4%	545	0.5%	553	0.5%
Conveyors	729	0.4%	723	0.3%	767	0.4%	659	0.4%	541	0.3%	458	0.3%	461	0.4%	454	0.4%	454	0.4%	500	0.5%
Liquids	1,161	0.6%	1,079	0.5%	1,101	0.5%	1,024	0.6%	905	0.6%	726	0.5%	600	0.5%	599	0.5%	568	0.5%	490	0.5%
Radiating substances and equipment	941	0.5%	974	0.5%	894	0.4%	669	0.4%	495	0.3%	349	0.3%	401	0.3%	434	0.3%	509	0.4%	451	0.4%
Plants, trees and vegetation	1,061	0.5%	870	0.4%	786	0.4%	719	0.4%	671	0.4%	589	0.4%	542	0.4%	498	0.4%	503	0.4%	450	0.4%
Glass items	1,763	0.9%	1,758	0.8%	1,548	0.8%	1,306	0.7%	1,110	0.7%	889	0.6%	884	0.7%	713	0.6%	708	0.6%	350	0.3%
Mineral items, non-metallic	754	0.4%	720	0.3%	616	0.3%	556	0.3%	527	0.3%	388	0.3%	366	0.3%	376	0.3%	382	0.3%	294	0.3%
Scrap, debris, waste material	39	0.0%	34	0.0%	48	0.0%	109	0.1%	78	0.1%	61	0.0%	48	0.0%	48	0.0%	150	0.1%	280	0.3%
Paper and pulp items	937	0.5%	848	0.4%	818	0.4%	665	0.4%	588	0.4%	503	0.4%	435	0.3%	426	0.3%	362	0.3%	278	0.3%
Ladders	412	0.2%	468	0.2%	437	0.2%	428	0.2%	403	0.3%	278	0.2%	263	0.2%	268	0.2%	255	0.2%	264	0.3%
Flame, fire and smoke	814	0.4%	819	0.4%	652	0.3%	540	0.3%	376	0.2%	327	0.2%	376	0.3%	367	0.3%	300	0.3%	261	0.3%
Ceramic items	971	0.5%	992	0.5%	891	0.4%	656	0.4%	577	0.4%	421	0.3%	377	0.3%	306	0.2%	277	0.2%	254	0.2%
Soaps, detergents and cleaning compounds	228	0.1%	211	0.1%	214	0.1%	151	0.1%	159	0.1%	104	0.1%	117	0.1%	133	0.1%	158	0.1%	186	0.2%
Infectious and parasitic agents	37	0.0%	28	0.0%	41	0.0%	103	0.1%	72	0.0%	38	0.0%	26	0.0%	19	0.0%	35	0.0%	164	0.2%

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## Lost-Time Claims by Source of Injury (1987 - 1996)

Source of Injury	Year of Accident																			
	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%	1996	%
Mechanical power transmission apparatus	1,031	0.5%	1,056	0.5%	949	0.5%	808	0.4%	610	0.4%	498	0.4%	447	0.3%	421	0.3%	356	0.3%	158	0.2%
Textile items	436	0.2%	432	0.2%	385	0.2%	290	0.2%	315	0.2%	208	0.2%	181	0.2%	193	0.2%	216	0.2%	153	0.1%
Other power transmission apparatus	389	0.2%	385	0.2%	352	0.2%	267	0.1%	218	0.1%	245	0.2%	193	0.2%	247	0.2%	215	0.2%	152	0.1%
Clothing, apparel and shoes	264	0.1%	293	0.1%	271	0.1%	213	0.1%	190	0.1%	190	0.1%	160	0.1%	131	0.1%	134	0.1%	120	0.1%
Pumps and prime movers	352	0.2%	335	0.2%	329	0.2%	283	0.2%	206	0.1%	186	0.1%	168	0.1%	173	0.1%	140	0.1%	107	0.1%
Steam	247	0.1%	256	0.1%	223	0.1%	202	0.1%	168	0.1%	128	0.1%	111	0.1%	101	0.1%	103	0.1%	87	0.1%
Heating equipment	291	0.1%	278	0.1%	271	0.1%	212	0.1%	148	0.1%	125	0.1%	171	0.1%	157	0.1%	139	0.1%	80	0.1%
Noise	677	0.3%	611	0.3%	661	0.3%	342	0.2%	140	0.1%	95	0.1%	91	0.1%	75	0.1%	57	0.0%	53	0.1%
Animal products	141	0.1%	131	0.1%	74	0.0%	47	0.0%	33	0.0%	24	0.0%	20	0.0%	22	0.0%	11	0.0%	30	0.0%
Air pressure	35	0.0%	28	0.0%	31	0.0%	31	0.0%	35	0.0%	26	0.0%	21	0.0%	26	0.0%	32	0.0%	24	0.0%
Cold	38	0.0%	61	0.0%	50	0.0%	18	0.0%	21	0.0%	22	0.0%	17	0.0%	59	0.0%	30	0.0%	19	0.0%
Heat, atmospheric and environmental	42	0.0%	51	0.0%	19	0.0%	14	0.0%	39	0.0%	15	0.0%	33	0.0%	37	0.0%	51	0.0%	16	0.0%
Silica	23	0.0%	13	0.0%	34	0.0%	15	0.0%	21	0.0%	24	0.0%	22	0.0%	17	0.0%	19	0.0%	16	0.0%
Mineral items, metallic	1	0.0%	8	0.0%	0	0.0%	7	0.0%	8	0.0%	6	0.0%	5	0.0%	9	0.0%	3	0.0%	10	0.0%
Drugs and medicines	32	0.0%	24	0.0%	22	0.0%	14	0.0%	14	0.0%	11	0.0%	9	0.0%	14	0.0%	16	0.0%	8	0.0%
Miscellaneous	18,968	9.2%	20,953	10.0%	15,763	7.8%	11,767	6.4%	9,108	5.9%	7,483	5.5%	5,109	4.1%	6,219	4.9%	6,440	5.4%	4,843	4.7%
Unclassified or unidentified	1,754	0.9%	2,034	1.0%	7,022	3.5%	11,366	6.2%	3,706	2.4%	1,714	1.3%	1,061	0.8%	1,130	0.9%	1,094	0.9%	1,578	1.5%
Total	205,259	100%	208,499	100%	200,967	100%	184,444	100%	155,475	100%	136,940	100%	125,122	100%	125,644	100%	118,814	100%	103,080	100%

## Notes:

1. The increase in "Infectious and parasitic agents" is due to a change in coding practices, naming the actual agent as the source of injury rather than the carrier of that agent.
2. The reduction in the "Noise" category is due to the reclassification of hearing loss claims. See note in Table 6.

## Lost-Time Claims by Occupation (1987 - 1996)

Occupation	Year of Accident																			
	1987	%	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%	1996	%
Service	23,277	11.3%	23,206	11.1%	22,156	11.0%	22,031	11.9%	22,424	14.4%	20,912	15.3%	19,176	15.5%	19,514	15.2%	18,090	15.2%	15,694	15.2%
Products fabricating, assembling and repairing	30,332	14.8%	30,662	14.7%	29,077	14.5%	26,270	14.2%	22,977	14.8%	19,862	14.5%	17,434	13.9%	17,421	13.9%	17,469	14.7%	12,694	12.3%
Machining and related	18,691	9.1%	18,301	8.8%	17,815	8.9%	15,115	8.2%	11,693	7.5%	9,759	7.1%	8,546	6.8%	9,047	7.2%	8,880	7.5%	8,972	8.7%
Transport equipment operating	13,735	6.7%	13,933	6.7%	13,272	6.6%	12,394	6.7%	12,776	8.2%	11,521	8.4%	10,587	8.5%	10,421	8.3%	9,204	7.7%	7,797	7.6%
Clerical and related	12,052	5.9%	12,083	5.8%	11,679	5.8%	11,043	6.0%	10,601	6.8%	9,881	7.2%	9,555	7.6%	9,059	7.2%	8,546	7.2%	7,387	7.2%
Processing	14,280	7.0%	13,225	6.3%	11,817	5.9%	10,387	5.6%	9,480	6.1%	7,871	5.7%	6,473	5.2%	6,953	5.5%	6,403	5.4%	7,127	6.9%
Construction trades	18,061	8.8%	18,006	8.6%	17,271	8.6%	15,614	8.5%	12,278	7.9%	9,868	7.2%	8,220	6.6%	7,507	6.0%	6,571	5.5%	6,471	6.3%
Medicine and health	7,485	3.6%	7,811	3.7%	8,099	4.0%	8,342	4.5%	8,708	5.6%	8,178	6.0%	7,629	6.1%	7,440	5.9%	6,667	5.6%	6,321	6.1%
Sales	5,318	2.6%	5,112	2.5%	5,313	2.6%	5,717	3.1%	5,973	3.8%	5,669	4.1%	5,298	4.2%	5,576	4.4%	5,219	4.4%	5,907	5.7%
Materials handling and related	13,132	6.4%	13,458	6.5%	12,506	6.2%	11,285	6.1%	10,138	6.5%	8,532	6.2%	7,932	6.3%	7,783	6.2%	7,237	6.1%	4,541	4.4%
Teaching and related	1,457	0.7%	1,587	0.8%	1,672	0.8%	1,753	1.0%	2,001	1.3%	2,138	1.6%	2,068	1.7%	2,119	1.7%	2,055	1.7%	1,886	1.8%
Farming, horticultural and animal husbandry	3,055	1.5%	2,951	1.4%	2,559	1.3%	2,452	1.3%	2,546	1.6%	2,200	1.6%	2,174	1.7%	2,052	1.6%	1,937	1.6%	1,690	1.6%
Managerial, administrative and related	739	0.4%	601	0.3%	596	0.3%	804	0.4%	913	0.6%	885	0.6%	725	0.6%	788	0.6%	674	0.6%	1,275	1.2%
Social sciences and related	923	0.4%	1,014	0.5%	1,160	0.6%	1,221	0.7%	1,659	1.1%	1,565	1.1%	1,523	1.2%	1,376	1.1%	1,419	1.2%	1,221	1.2%
Natural sciences, engineering and mathematics	1,196	0.6%	1,247	0.6%	1,131	0.6%	1,308	0.7%	1,139	0.7%	947	0.7%	861	0.7%	839	0.7%	705	0.6%	893	0.9%
Other crafts and equipment operating	2,414	1.2%	2,312	1.1%	2,293	1.1%	2,043	1.1%	2,154	1.4%	1,867	1.4%	1,609	1.3%	1,476	1.2%	1,361	1.1%	868	0.8%
Artistic, literary, recreational and related	464	0.2%	448	0.2%	427	0.2%	479	0.3%	525	0.3%	500	0.4%	425	0.3%	424	0.3%	486	0.4%	583	0.6%
Mining and quarrying including oil and gas	1,211	0.6%	1,061	0.5%	820	0.4%	757	0.4%	696	0.4%	458	0.3%	362	0.3%	374	0.3%	384	0.3%	372	0.4%
Forestry and logging	876	0.4%	739	0.4%	591	0.3%	495	0.3%	458	0.3%	459	0.3%	483	0.4%	421	0.3%	391	0.3%	313	0.3%
Fishing, hunting, trapping and related	32	0.0%	25	0.0%	23	0.0%	29	0.0%	33	0.0%	29	0.0%	32	0.0%	24	0.0%	21	0.0%	23	0.0%
Religion	4	0.0%	6	0.0%	1	0.0%	1	0.0%	3	0.0%	7	0.0%	8	0.0%	4	0.0%	4	0.0%	7	0.0%
Occupations, NEC	14,509	7.1%	15,760	7.6%	16,292	8.1%	14,050	7.6%	10,212	6.6%	9,725	7.1%	9,470	7.6%	9,918	7.9%	9,894	8.3%	5,742	5.6%
Occupation not stated	22,016	10.7%	24,951	12.0%	24,397	12.1%	20,854	11.3%	6,088	3.9%	4,107	3.0%	4,532	3.6%	5,108	4.1%	5,197	4.4%	5,296	5.1%
Total	205,259	100%	208,499	100%	200,967	100%	184,444	100%	155,475	100%	136,940	100%	125,122	100%	125,644	100%	118,814	100%	103,080	100%

### Notes:

1. 1996 figures, which use a new coding standard, National Occupational Classification (NOC), are not comparable to previous years. See page 6.
2. The two major attributes of jobs which are used as classification criteria in developing the NOC are skill level and skill type. Management occupations are not assigned to a skill level category and form their own group. This has led to the increase in the "Managerial, administrative and related" occupations category.
3. "NEC" stands for not elsewhere classified.

## Year of Accident

14



# Occupational Fatalities

Fatal claims refer to all claims where a fatality has occurred and fatal benefits are being claimed. This section shows the distribution of fatal claims submitted (Table 12) and fatal claims allowed (Table 13). The number of allowed claims are irrespective of the year in which the claim was registered or the year in which the fatality occurred. Therefore, numbers within each of the two tables are not comparable.

Fatal claims are categorized into the following:

- occupational diseases – the worker had an occupational disease and died;

- immediate deaths – the worker had an accident at work and died the same day;
- not immediate deaths – the worker had an accident at work and died at a later date; and
- 100% disability pensions – the worker who died was receiving a 100% permanent disability pension and the cause of death may or may not be work-related.

Figures in the above categories are mutually exclusive.

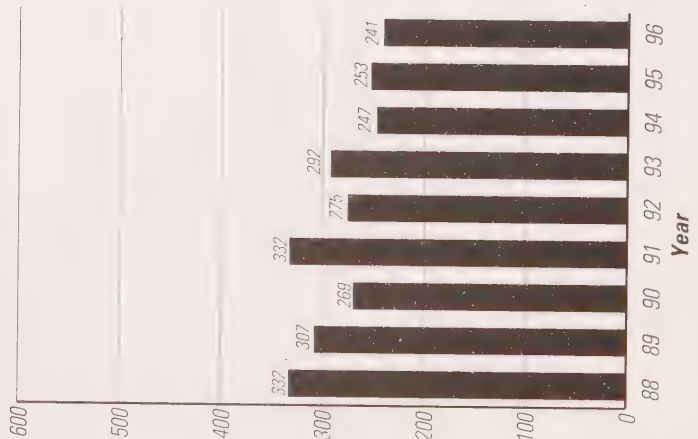
Year of Registration



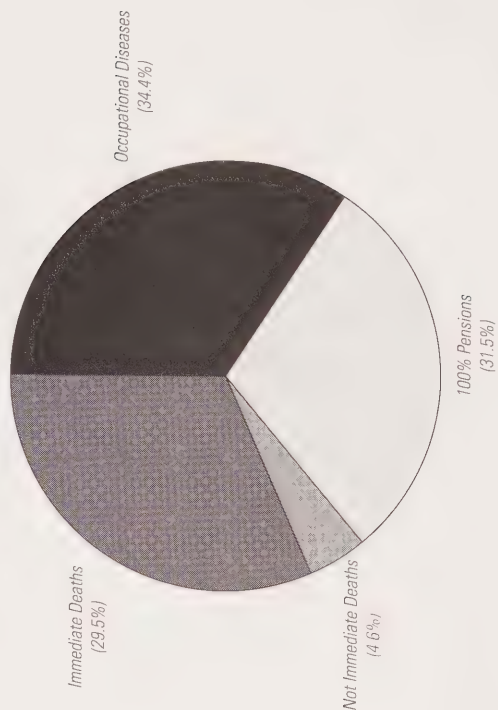
## Occupational Fatalities by Year Allowed (1988 - 1996)

	Year Allowed																	
	1988	%	1989	%	1990	%	1991	%	1992	%	1993	%	1994	%	1995	%	1996	%
Occupational Diseases	98	30%	87	28%	77	29%	120	36%	109	40%	111	38%	85	34%	103	41%	83	34%
Immediate Deaths	141	42%	128	42%	119	44%	115	35%	88	32%	80	27%	67	27%	66	26%	71	29%
Not Immediate Deaths	21	6%	31	10%	28	10%	31	9%	21	8%	20	7%	9	4%	10	4%	11	5%
100% Pensions	72	22%	61	20%	45	17%	66	20%	57	21%	81	28%	86	35%	74	29%	76	32%
Total	332	100%	307	100%	269	100%	332	100%	275	100%	292	100%	247	100%	253	100%	241	100%

### Allowed Fatal Claims



### 1996 Allowed Fatal Claims by Category



# Duration of Short-Term Disability Benefits

This section shows the composite measure of the average duration of short-term disability benefits. This measure was adopted as a standard for reporting by the members of the Association of Workers' Compensation Boards of Canada (AWCBC) Steering Committee on Comparability in February 1994. Short-term disability benefits include all benefit periods under section 37 of the *Workers' Compensation Act* (i.e. temporary compensation and short-term vocational rehabilitation) which are awarded while reaching maximum medical rehabilitation.

Under Bill 162 legislation, which came into effect on January 2, 1990, workers who suffer an injury or occupational disease resulting in temporary disability for twelve continuous months are eligible for future economic loss (FEL) benefits under section 43. Benefit periods under sections 147(2) and 43(9) are not included.

The composite approach uses short-term disability benefit days paid in the current year to estimate an average lifetime duration of short-term disability over the life of a claim. Days of short-term disability paid in the current year are separated by year of accident into a series of components, including:

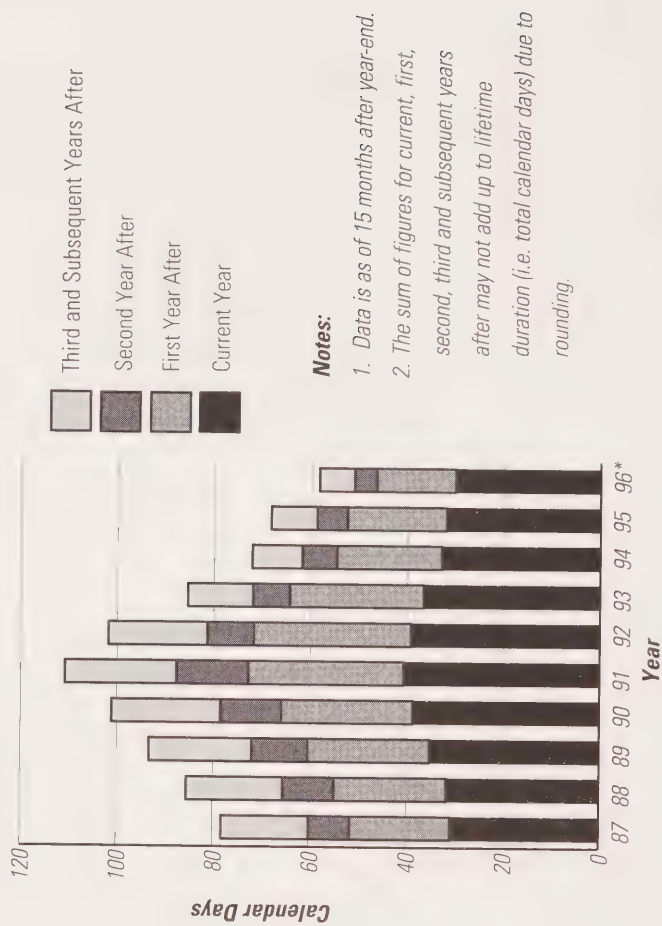
- benefit days paid in the current year for accidents that happened in the current year, and divided by the number of lost-time injuries or occupational diseases in the year – an estimate of the duration during the first year of accident;
- benefit days paid in the current year for accidents that happened in the calendar year prior to the current year, and divided by the number of lost-time injuries or occupational diseases in that year – an estimate of the duration during the first year after the year of accident;
- benefit days paid in the current year for accidents that happened two calendar years prior, and divided by the number of lost-time injuries or occupational diseases in that year – an estimate of the duration during the second year after the year of accident; and
- benefit days paid in the current year for accidents that happened three or more calendar years prior, and divided by an average number of lost-time injuries or occupational diseases for those years – an estimate of the duration during the third and subsequent years after the year of accident.



Duration of Short-Term Disability Benefits (1987 - 1996)

Average Duration Components	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996*
Current Year	30.8	31.7	35.2	38.7	40.7	39.2	36.6	32.9	31.9	30.1
First Year After	20.8	23.2	25.2	27.2	32.1	32.5	27.7	21.7	20.3	16.4
Second Year After	8.5	10.6	11.6	12.6	14.9	9.6	7.6	7.2	6.1	4.6
Third and Subsequent Years After	18.1	20.0	21.3	22.6	23.1	20.5	13.5	10.3	9.3	7.2
Lifetime Duration (calendar days)	78.1	85.5	93.3	101.1	110.8	101.8	85.4	72.0	67.6	58.3

Duration of Short-Term Disability Benefits



\* Matured 1 year into future.

# Future Economic Loss Awards

Compensation for future economic loss (FEL) of earnings is awarded under section 43 of the *Workers' Compensation Act*.

These benefits are applicable to accidents which occurred after January 1, 1990. Workers who sustain injuries or occupational diseases resulting in 12 months of continuous temporary total benefits and workers who sustain injuries resulting in permanent impairment are entitled to FEL benefits until age 65.

The amount of compensation is equal to 90% of the difference between the worker's net average earnings before the injury or occupational disease and the net average earnings that the worker is likely to be able to earn after the injury or occupational disease in suitable and available employment. All FEL awards shown in Table 15 are initial determinations (D1) of these benefits. The amount of these awards will be reviewed by the WCB two years (R1)

and five years (R2) after the date of initial determination. FEL awards shown in Table 16 refer to the first review (R1), and awards in Table 17 refer to the second review (R2).

Supplements to FEL benefits are applicable to injured workers who are cooperating in a WCB-authorized vocational or medical rehabilitation program. Unemployed workers receiving a FEL award which is less than 100% may be eligible for supplemental benefits.

Sustainability awards are given to workers who are either employed with no wage loss or who are participating in a vocational rehabilitation program and are expected to return to work with no wage loss, but where the sustainability of the employment is uncertain.

# Table 15

Future Economic Loss (FEL) – New Awards for Initial Determination (1991 - 1996)

Percent Wage Loss	1991			1992			1993			1994			1995			1996		
	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements
Sustainability Awards	1,092	23.8%	936	2,609	22.2%	2,184	1,647	22.3%	1,323	1,875	25.8%	1,078	1,328	25.6%	856	1,310	23.0%	987
0.01 - 10.00%	369	8.1%	287	768	6.5%	546	479	6.5%	348	557	7.7%	367	412	7.9%	274	450	7.9%	321
10.01 - 30.00%	1,160	25.3%	935	3,206	27.3%	2,444	1,936	26.2%	1,538	1,790	24.7%	1,372	1,247	24.1%	925	1,413	24.8%	1,099
30.01 - 50.00%	985	21.5%	768	3,029	25.8%	2,316	1,983	26.9%	1,606	1,714	23.6%	1,370	1,208	23.3%	963	1,457	25.5%	1,179
50.01 - 99.99%	459	10.0%	259	1,247	10.6%	741	777	10.5%	525	743	10.2%	513	483	9.3%	340	506	8.9%	382
100%	518	11.3%	-	897	7.6%	-	557	7.5%	-	578	8.0%	-	507	9.8%	-	570	10.0%	-
<b>Total</b>	<b>4,583</b>	<b>100%</b>	<b>3,185</b>	<b>11,756</b>	<b>100%</b>	<b>8,231</b>	<b>7,379</b>	<b>100%</b>	<b>5,340</b>	<b>7,257</b>	<b>100%</b>	<b>4,700</b>	<b>5,185</b>	<b>100%</b>	<b>3,358</b>	<b>5,706</b>	<b>100%</b>	<b>3,968</b>

# Table 16

Future Economic Loss (FEL) – Awards for First Review (R1) (1993 - 1996)

Percent Wage Loss	1993			1994			1995			1996		
	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements	Number of Awards	%	Awards with Supplements
Sustainability Awards	868	27.1%	197	2,407	23.7%	589	2,136	25.9%	577	2,018	28.7%	411
0.01 - 10.00%	197	6.2%	68	621	6.1%	229	478	5.8%	183	447	6.3%	147
10.01 - 30.00%	753	23.5%	347	2,586	25.5%	1,084	1,990	24.1%	882	1,673	23.8%	752
30.01 - 50.00%	737	23.0%	353	2,627	25.9%	1,112	2,197	26.7%	1,032	1,656	23.5%	826
50.01 - 99.99%	233	7.3%	55	854	8.4%	243	670	8.1%	227	516	7.3%	210
100%	414	12.9%	-	1,049	10.3%	-	770	9.3%	-	733	10.4%	-
<b>Total</b>	<b>3,202</b>	<b>100%</b>	<b>1,020</b>	<b>10,144</b>	<b>100%</b>	<b>3,257</b>	<b>8,241</b>	<b>100%</b>	<b>2,901</b>	<b>7,043</b>	<b>100%</b>	<b>2,346</b>

**Future Economic Loss (FEL) – Awards for Second Review (R2) (1996)**

Percent Wage Loss	1996	
	Number of Awards	Awards with Supplements
Sustainability Awards	884	58
0.01 - 10.00%	163	16
10.01 - 30.00%	609	109
30.01 - 50.00%	475	74
50.01 - 99.99%	109	13
100%	412	-
<b>Total</b>	<b>2,652</b>	<b>270</b>

**Notes (Tables 15-17):**

1. Unemployed workers receiving a FEL award which is less than 100% may be eligible for supplemental benefits. In 1996, 82% of unemployed workers receiving a wage loss award less than 100% received a supplement at D1 and 17% received a supplement at R2.
2. Claims that were confirmed to be 0% wage loss, and were non-monetary awards, are not included in these tables.
3. FEL cases are not eligible for a benefit at R1 or R2 if no permanent impairment has been determined, workers have turned age 65 or have died.



# Non-Economic Loss Awards

Table

18

**Non-Economic Loss (NEL) – New Awards (1992 - 1996)**

Percent Permanent Impairment	1992		1993		1994		1995		1996	
	Number of NEL Awards	%	Number of NEL Awards	%	Number of NEL Awards	%	Number of NEL Awards	%	Number of NEL Awards	%
0.01 - 5.00%	2,181	25.3%	4,331	24.9%	6,896	29.4%	3,731	26.4%	4,015	26.0%
5.01 - 10.00%	2,026	23.5%	4,029	23.1%	6,191	26.4%	3,173	22.4%	3,371	21.8%
10.01 - 15.00%	1,635	19.0%	3,457	19.9%	4,293	18.3%	2,428	17.2%	2,778	18.0%
15.01 - 20.00%	1,335	15.5%	2,636	15.1%	2,979	12.7%	1,884	13.3%	2,043	13.2%
20.01 - 25.00%	852	9.9%	1,700	9.8%	1,574	6.7%	1,460	10.3%	1,606	10.4%
25.01 - 30.00%	330	3.8%	742	4.3%	768	3.3%	774	5.5%	845	5.5%
30.01 - 40.00%	170	2.0%	344	2.0%	467	2.0%	435	3.1%	503	3.3%
40.01 - 60.00%	44	0.5%	91	0.5%	163	0.7%	158	1.1%	199	1.3%
60.01 - 99.99%	3	0.0%	39	0.2%	35	0.1%	43	0.3%	44	0.3%
100%	31	0.4%	44	0.3%	57	0.2%	56	0.4%	60	0.4%
<b>Total</b>	<b>8,607</b>	<b>100%</b>	<b>17,413</b>	<b>100%</b>	<b>23,423</b>	<b>100%</b>	<b>14,142</b>	<b>100%</b>	<b>15,464</b>	<b>100%</b>

## Notes:

1. Compensation for non-economic loss (NEL) is awarded under section 42 of the Workers' Compensation Act. These benefits are applicable to accidents that occurred after January 1, 1990. Workers who suffer a permanent impairment as a result of a workplace injury or occupational disease are entitled to NEL benefits.
2. Workers become eligible for NEL benefits if, at maximum medical rehabilitation, a permanent impairment is likely. A worker reaches maximum medical rehabilitation when there is unlikely to be any further significant improvement in the worker's medical condition.
3. Permanent impairment means impairment that continues to exist after the worker achieves maximum medical rehabilitation. The percentage of impairment is determined through a medical assessment.
4. The first NEL benefits were awarded in April 1992.



# Periodic Pensions and Supplements Active at the End of the Year by Percentage of Permanent Disability (1987 - 1996)

## Life and Provisional Periodic Pension Awards

Percent of Disability	Year of Award									
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
10.0% or less	49,193	53,626	61,706	67,328	70,927	73,928	74,569	74,005	73,885	72,458
10.1 - 20.0%	45,064	47,922	52,558	56,533	61,651	65,393	66,589	66,718	66,376	65,705
20.1 - 30.0%	11,813	12,490	13,686	14,712	15,994	17,176	17,690	17,872	18,045	18,069
30.1 - 50.0%	6,182	6,417	6,824	7,210	7,729	8,061	8,264	8,362	8,408	8,357
50.1% or more	4,146	4,237	4,408	4,982	4,787	4,893	4,962	4,919	4,916	4,841
<b>Total</b>	<b>116,398</b>	<b>124,692</b>	<b>139,182</b>	<b>150,765</b>	<b>161,088</b>	<b>169,451</b>	<b>172,074</b>	<b>171,876</b>	<b>171,630</b>	<b>169,430</b>
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

## Supplements

	Year of Award									
	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<b>Total</b>	<b>9,015</b>	<b>6,750</b>	<b>22,976</b>	<b>36,059</b>	<b>40,784</b>	<b>41,634</b>	<b>40,100</b>	<b>35,182</b>	<b>83,244</b>	<b>82,306</b>
	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
			Section 147(4)	33,501	35,681	35,926	35,343	31,556	31,246	30,539
			Section 147(2)	2,558	5,103	5,708	4,757	3,626	2,819	2,100
			Section 147(14)						49,179	49,667

## Notes:

- Figures represent the total number of awards for which the WCB was paying benefits on December 31 of the reference year.
- Starting in 1990, figures exclude reassessments.
- Figures do not represent the number of workers receiving pensions and/or supplements. A small number of pensioners were in receipt of more than one award at December 31 of the reference year.
- Figures exclude lump sum awards.
- Provisional pensions are awarded in certain cases.
- The substantially higher number of supplement awards active in 1989 and after was the result of the transitional provisions of section 147 of the Workers' Compensation Act.
- Under Bill 165, which came into effect January 1, 1995, section 147(14) provides an additional payment of up to \$200 per month for the following categories of injured workers: those who receive a supplement to their pension for permanent partial disability under section 147(4) of the Act, those whose 147(4) supplement ceased when they turned 65 and became eligible for Old Age Security (OAS) benefits, and those who would have been entitled to a section 147(4) supplement but for their age.

# Vocational Rehabilitation Activities

Table

21

*Injured Workers Referred for Vocational Rehabilitation (1987 - 1996)*

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
<i>Injured Workers Referred</i>	13,496	13,811	16,051	28,083	37,251	28,704	26,574	20,199	21,022	17,587

Table

22

*Injured Workers Completing Rehabilitation Programs (1987 - 1996)*

<i>Injured Workers Employed with:</i>	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996
Accident employer	2,001	2,123	3,057	4,865	8,657	10,211	9,577	7,709	8,076	7,451
New employer	2,867	3,099	3,260	2,640	2,148	2,357	2,297	2,356	2,430	2,327
Self-employed	361	299	346	461	327	373	297	216	175	157
<b>Total Employed</b>	<b>5,229</b>	<b>5,521</b>	<b>6,663</b>	<b>7,966</b>	<b>11,132</b>	<b>12,941</b>	<b>12,171</b>	<b>10,281</b>	<b>10,681</b>	<b>9,935</b>
Assisted in becoming financially self-sufficient	927	977	1,293	917	599	306	141	68	66	35
<b>Total Rehabilitated</b>	<b>6,156</b>	<b>6,498</b>	<b>7,956</b>	<b>8,883</b>	<b>11,731</b>	<b>13,247</b>	<b>12,312</b>	<b>10,349</b>	<b>10,747</b>	<b>9,970</b>



# Operational Activities

## Table 23

### Statement of Operations and Funding Ratio by Class

Schedule 1 employers are insured through "collective liability" and pay levies into a general accident fund based on their assessable payrolls. For classification purposes, all Schedule 1 industries are categorized into nine classes. Each class is further subdivided by business activity into rate groups.

The table below provides an unaudited Schedule 1 Statement of Operations by class for the period ended December 31, 1996. It also reports each class's funding ratio, which is calculated as the ratio of total assets to total liabilities.

For the Year Ended December 31, 1996	Forest Products Class A	Mining & Related Industries Class B	Other Primary Industries Class C	Manufac- turing Class D	Transport & Storage Class E	Retail & Wholesale Trades Class F	Construc- tion Class G	Government & Related Services Class H	Other Services Class I
<b>Revenues</b>									
Assessment	74.5	69.4	35.3	1,032.3	191.7	286.0	291.2	209.9	171.2
Investments	25.9	50.8	14.4	296.8	62.1	76.5	50.6	74.6	47.7
	<b>100.4</b>	<b>120.2</b>	<b>49.7</b>	<b>1,329.1</b>	<b>253.8</b>	<b>362.5</b>	<b>341.8</b>	<b>284.5</b>	<b>218.9</b>
<b>Expenses</b>									
Benefits Expense	66.6	73.6	39.9	895.8	169.0	254.3	373.1	212.7	153.8
Administrative, Legislative Obligations & Other Expenses	12.3	15.0	5.8	151.5	19.6	55.6	52.6	46.7	31.8
	<b>78.9</b>	<b>88.6</b>	<b>45.7</b>	<b>1,047.3</b>	<b>188.6</b>	<b>309.9</b>	<b>425.7</b>	<b>259.4</b>	<b>185.6</b>
<b>Surplus/(Deficiency)</b>	<b>21.5</b>	<b>31.6</b>	<b>4.0</b>	<b>281.8</b>	<b>65.2</b>	<b>52.6</b>	<b>(83.9)</b>	<b>25.1</b>	<b>33.3</b>
<b>Closing Unfunded Liability by Class</b>	<b>486.0</b>	<b>524.5</b>	<b>140.7</b>	<b>3,646.0</b>	<b>532.4</b>	<b>1,019.6</b>	<b>3,042.5</b>	<b>549.1</b>	<b>519.7</b>
<b>Funding Ratio by Class (%)</b>	<b>37.6</b>	<b>51.7</b>	<b>52.4</b>	<b>47.4</b>	<b>56.0</b>	<b>44.1</b>	<b>15.6</b>	<b>58.8</b>	<b>48.8</b>





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